

COMMERCIAL PREPAREDNESS

Fourth
National Foreign Trade
Convention

PITTSBURGH, PA., JANUARY 25, 26 and 27, 1917

"Greater Prosperity Through Greater Foreign Trade"



OFFICIAL REPORT
of the
Fourth National
Foreign Trade Convention

Held at the WILLIAM PENN HOTEL
PITTSBURGH, PA.

January 25, 26 and 27, 1917

A stenographic report of the proceedings, the discussions, the speeches at the several Group Sessions, the addresses at the banquet, together with the papers prepared in advance, a list of the delegates present, the organizations and companies represented, and the organization of the Convention.

ISSUED BY THE SECRETARY
NATIONAL FOREIGN TRADE CONVENTION HEADQUARTERS
INDIA HOUSE, HANOVER SQUARE, NEW YORK CITY

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BY

ROBERT H. PATCHIN, *Secretary*
NATIONAL FOREIGN TRADE COUNCIL
NEW YORK CITY

FOREWORD

AND

“FINAL DECLARATION”

No better introduction can be offered for the published “Proceedings” of the Fourth National Foreign Trade Convention than the “Final Declaration” adopted after three days’ discussion of the problems of American overseas commerce.

The Convention was the largest and most notable gathering ever held in the United States in the interest of foreign trade. Every section of the country was strongly represented as well as American commercial ventures in every market of the world.

That 1286 delegates representing 431 commercial and industrial organizations, and a far larger number of business enterprises standing for the agricultural and natural production, manufacturing, merchandizing, transportation, and financial elements in our foreign trade should so constructively devote themselves to broad considerations of national policy, demonstrated the great progress made at the previous National Foreign Trade Conventions held at Washington, St. Louis, and New Orleans.

The Convention had been adjourned but a few weeks when the United States entered the World War. However this alters the political relations of the United States, the adherence to economic fundamentals in the Convention discussion was such that, like the published “Proceedings” of previous Conventions, this volume will be found pertinent to both present and future problems of maintaining the foreign trade of the United States.

“FINAL DECLARATION”

Unanimously adopted by the Convention, May 27, 1917:

REPORT OF THE GENERAL CONVENTION COMMITTEE

Your committee suggests no change in the policy laid down at the opening of the Convention, that there be no resolutions presented for formal action. At the same time, we have felt that certain important matters developed during the course of your delib-

erations should be collated and summarized in concrete and permanent form to represent what we deem to be the body of opinion formulated in the general sessions and in the group discussions. The results of these group meetings have been covered by the reports of the chairmen thereof. This statement is presented by the General Committee after consultation with Group chairmen, and embodies what we concur in believing to be the points upon which special emphasis should be placed.

World conditions, because of the European war, offer to the United States both opportunities and responsibilities. These responsibilities must be recognized if the United States is to realize the opportunities. The share of the world's commerce to which the United States aspires is that to which its resources, productive capacity, enterprise and skill entitle it. No thoughtful, patriotic American citizen desires more or will be content with less.

Our trade must depend for its future development primarily upon the efficiency of our agricultural and industrial production, upon the enterprise of American manufacturers, merchants and bankers, and upon the training of youth in our schools, colleges and universities. The wider distribution of the benefits of foreign trade is dependent upon the participation of a steadily increasing number of industries and enterprises of moderate size. Governmental agencies, the Department of State with the diplomatic and consular services, the Department of Commerce, the Federal Reserve Board and the Federal Trade Commission and the Tariff Commission can assist American enterprise by the negotiation of advantageous commercial treaties, by collecting and disseminating information regarding foreign markets, and suggesting improved financing, selling and purchasing methods. These governmental agencies have already rendered, and can render still greater, assistance to merchants or manufacturers desirous of extending their foreign trade, but in the last analysis success is to be attained only by the courage, intelligence and efficiency of the merchants, the manufacturers and the bankers themselves, the coordination of their efforts, and their ability to cooperate with each other and with the Government departments created to serve them.

To meet world competition, however, American business, using the term in its broadest implication, must be relieved of disadvantages imposed by legislation and protected by governmental action from possible discrimination in foreign markets.

The discussion in this Convention has emphasized the vital

importance, as bearing upon the future of our foreign trade, of certain questions which are being, or should be, considered:

COOPERATION IN FOREIGN TRADE

I. Doubt as to the application of the anti-trust laws to export commerce should be removed. Congress should promptly enact in principle the Webb bill now pending in the Senate with the modifications hitherto recommended by the Federal Trade Commission, to the end that American exporters generally, while marketing abroad the products of American agriculture and industry, may have the advantages of cooperative action in their efforts to meet foreign combinations.

NATIONAL SHIPPING POLICY

II. The chief duty of the United States Shipping Board should be to develop a sound national shipping policy, calculated to attain the following objects:

a. The increase of national income and of domestic prosperity by affording greater facilities for the sale abroad of products of the soil and industry of the United States, and for the importation of foreign materials and products necessary to American life and industry.

b. The development, under the American flag, of transportation service with foreign countries and with the possessions of the United States.

c. Aid to national defense, and maintenance of foreign commerce, whether the United States be belligerent or neutral. To render our foreign commerce reasonably independent of foreign carriers there will be required a merchant tonnage so great that it can only be sustained on the basis of ability to compete for the world's carrying trade with the vessels of other nations. Such disadvantages in cost of operation as are imposed by economic conditions should be offset by greater efficiency but it is the duty of the Government to offset those imposed by legislation.

COMMERCIAL TREATY RELATIONS

III. While it is impossible to anticipate the future relations of the nations now at war, with one another and with neutrals, it is certain that ante-bellum conditions will be radically altered. Commercial treaties under which the world's trade was conducted prior to August, 1914, have been ruptured by the war. The negotiation

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NATIONAL FOREIGN TRADE COUNCIL

(1916-1917)*

(Created by resolution of the First National Foreign Trade Convention,
Washington, D. C., May 27, 28, 1914.)

The first National Foreign Trade Convention at Washington, May 27-28, 1914, recognized the need of an organization which should "endeavor to co-ordinate the foreign trade activities of the nation" and authorized the creation of the National Foreign Trade Council for that purpose.

The Council has an authorized maximum membership of fifty (increased to seventy-five) merchants, manufacturers, farmers, and other producers of natural commodities, railroad and steamship men and bankers, representing all sections of the United States and collectively standing for the general interest of all elements engaged in foreign trade.

Non-political and non-partisan, its function is investigatory and advisory, and it seeks effectively to co-operate with other organizations in the encouragement of sound national foreign trade policy. Through its Committees the Council is constantly investigating and publicly reporting upon problems arising in oversea commerce.

CHAIRMAN: JAMES A. FARRELL, President, United States Steel Corporation,
New York City.

TREASURER: WALTER L. CLARK, Manager, New England Westinghouse Co.,
Springfield, Mass.

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New York City.

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J. J. CULBERTSON, Interstate Cotton Seed Crushers' Association, Paris, Texas.

ROBERT DOLLAR, President, The Robert Dollar Co., San Francisco, Cal.

J. J. DONOVAN, Vice-President, Bloedel-Donovan Lumber Mills, Bellingham,
Wash.

JOHN F. FITZGERALD, Boston, Mass.

J. ROGERS FLANNERY, Chairman, Pittsburgh Foreign Trade Commission,
Pittsburgh, Pa.

* Membership as of February 15, 1917.

- P. A. S. FRANKLIN, President, International Mercantile Marine Co., New York City.
- L. S. GOLDSTEIN, New Orleans Association of Commerce, New Orleans, La.
- LLOYD C. GRISCOM, President, American Asiatic Association, New York City.
- B. F. HARRIS, Farmer, Champaign, Ill.
- FAIRFAX HARRISON, President, Southern Railway Co., Washington, D. C.
- H. G. HERGET, President, Pekin Cooperage Co., Pekin, Ill.
- LOUIS W. HILL, Chairman, Great Northern Railway, St. Paul, Minn.
- HENRY HOWARD, Vice-President, Merrimac Chemical Co., Boston, Mass.
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- BARTON MYERS, Norfolk, Va.
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- THEO. B. WILCOX, President, Portland Flouring Mills Co., Portland, Ore.
- J. N. WILLYS, President, The Willys-Overland Co., Toledo, Ohio.

(Office of Council, India House, 1 Hanover Square, New York City.)

OFFICERS OF THE CONVENTION

PRESIDENT OF THE CONVENTION

MR. ALBA B. JOHNSON, President, Baldwin Locomotive Works, Philadelphia, Pa., member National Foreign Trade Council.

SECRETARIES OF THE CONVENTION

MR. ROBERT H. PATCHIN, Secretary, National Foreign Trade Council, New York City.

MR. CHARLES L. WOOD, Carnegie Steel Co., Pittsburgh, Pa., Secretary Committee on Arrangements, General Convention Committee.

ASSISTANT SECRETARIES

MISS FRANCES BLASCOER

MR. F. A. C. O'NEILL

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- MR. GEORGE BOOLE, President, Western Hardware & Metal Co., Seattle, Wash.
- MR. GEORGE B. BURGESS, President, National Lumber Exporters' Association, Memphis, Tenn.
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- MR. WALTER H. COTTINGHAM, President, Sherwin-Williams Paint Co., Cleveland, Ohio.
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- MR. ROBERT GARLAND, President, Chamber of Commerce, Pittsburgh, Pa.
- MR. C. H. HANEY, Foreign Sales Manager, International Harvester Co., Chicago, Ill.
- MR. S. M. HASTINGS, President, Illinois Mfrs.' Ass'n, Chicago, Ill.
- MR. H. J. HEINZ, Heinz & Co., Pittsburgh, Pa.
- MR. E. M. HERR, President, Westinghouse Electric & Manufacturing Co., Pittsburgh, Pa.; President, American Mfrs.' Export Association.
- MR. WILLIS L. KING, Vice-President, Jones & Laughlin Steel Co., Pittsburgh, Pa.
- MR. JOHN S. LAWRENCE, Lawrence & Co., Chairman, New England Delegation, Boston, Mass.
- MR. F. L. LIPMAN, Vice-President, Wells Fargo Nevada National Bank, San Francisco, Cal.
- MR. ROBERT NEWTON LYNCH, Vice-President, San Francisco Chamber of Commerce, San Francisco, Cal.
- MR. STEPHEN C. MASON, McConway & Torley Mfg. Co., Pittsburgh, Pa.; Vice-President, National Association of Manufacturers.
- MR. M. K. McMULLIN, President, American Window Glass Co., Pittsburgh, Pa.
- MR. A. W. MELLON, Pittsburgh, Pa.
- MR. R. L. O'DONNELL, General Manager, Pittsburgh Division, Pennsylvania Railroad.
- MR. WALLACE H. ROWE, President, Pittsburgh Steel Co., Pittsburgh, Pa.

MR. DONALD M. RYERSON, J. T. Ryerson & Son, Chicago Association of Commerce.

COL. J. M. SCHOONMAKER, President, Pittsburgh & Lake Erie Railroad, Pittsburgh, Pa.

MR. LOUIS C. SOUTHARD, Chairman, Foreign Trade Committee, Boston Chamber of Commerce, Boston, Mass.

PITTSBURGH COMMITTEES FOR THE CONVENTION

EXECUTIVE COMMITTEE

J. Rogers Flannery, Chairman

J. J. Nordman, Secretary

Col. H. P. Bope

W. S. Linderman

E. M. Herr

F. F. Nicola

COMMITTEE ON ARRANGEMENTS

Col. H. P. Bope, Chairman

Charles L. Wood, Secretary

W. C. Carroll, Registration

A. M. Harper, Banquet

G. T. Bailey, Hotels

J. F. McLain, Automobiles

R. J. Adams, Ladies' Entertainment

Jno. F. Hazen, Tours to Pittsburgh Industries.

GENERAL COMMITTEE

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Julian Kennedy

E. V. Babcock

Willis L. King

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I. W. Frank

H. K. Porter

B. G. Follansbee

J. H. Reed

H. C. Frick

G. B. Rhodes

Robert Garland

Wallace H. Rowe

T. H. Given

L. E. Sands

D. L. Gillespie

Col. J. M. Schoonmaker

C. J. Graham

F. J. Torrance

J. M. Hansen

W. B. Schiller

H. J. Heinz

W. B. Uptegraff

C. A. Lindstrom

H. H. Westinghouse

A. L. Humphrey

E. T. Weir

B. F. Jones, Jr.

Homer D. Williams

OFFICIAL PROGRAM OF FOURTH CONVENTION

(All Sessions in William Penn Hotel, Pittsburgh)

First General Session—Convention Hall

Thursday, January 25, 10:00 A.M.

Convention called to order by the Chairman of the National Foreign Trade Council, MR. JAMES A. FARRELL, President, United States Steel Corporation.

Address of welcome by MR. J. ROGERS FLANNERY, Chairman Pittsburgh Foreign Trade Commission, and member of National Foreign Trade Council.

Organization of the Convention—Election of President and Secretaries of Convention.

Appointment of General Convention Committee.

World Trade After the War.

"World Trade Conditions After the European War"—a report of an inquiry by the National Foreign Trade Council.

Address: *"Industrial Reconstruction in Europe,"* MR. W. W. NICHOLS, Chairman, United States Industrial Commission to France.

General discussion under five-minute rule.

Address: *"The Foreign Trade Aspect of the Tariff,"* MR. WILLARD STRAIGHT, Vice-President, American International Corporation, New York City.

Discussion: MR. C. H. BENTLEY, Sales Manager, California Packing Association, San Francisco, Cal., and others.

Discussion: *"Commercial Treaties and Foreign Trade,"* HON. W. B. FLEMING, Adviser on Commercial Treaties, U. S. Department of State, Washington, D. C.

Address: *"The Farmer and Foreign Trade,"* MR. B. F. HARRIS, Champaign, Ill., Chairman, Agricultural Commission of the American Bankers' Association.

Address: *"Foreign Trade Policy from the Farmer's Standpoint,"* PROF. T. N. CARVER, Harvard University, Chief of Division of Rural Organization, United States Department of Agriculture.

Adjournment for Luncheon.

Second General Session—Thursday, January 25, 2:30 P.M.

America's Position in World Finance.

Address: *"American Banking in Foreign Trade,"* MR. LEWIS E. PIERSON, Chairman, Irving National Bank, New York City.

Address: *"Foreign Investment as an Aid to Foreign Trade,"* MR. C. K. MCINTOSH, Vice-President, Bank of California, San Francisco, Cal.

General Discussion under five-minute rule.

Co-operation in Foreign Trade.

Address: "*The Webb Bill*"—a report by the National Foreign Trade Council, presented by MR. ROBERT H. PATCHIN, Secretary.

Discussion: "*The Necessity of Co-operation in Export of Lumber*":

Pacific Coast, MR. J. J. DONOVAN, Vice-President, Bloedel-Donovan Lumber Mills, Bellingham, Wash.

Southern States, MR. R. H. DOWNMAN, President, National Lumber Manufacturers' Association and Southern Pine Association, New Orleans, La.

MR. W. H. RUSSE, Russe and Burgess, Inc., Memphis, Tenn., National Lumber Exporters' Association.

Discussion: "*The Necessity of Co-operation in Export of Textiles*," MR. EDWARD F. GREEN, Treasurer, Pacific Mills, Boston, Mass.

Discussion: "*Suggestion Methods of Co-operation in Foreign Trade*," by a special committee,

Chairman, MR. H. C. LEWIS, Manager, National Paper and Type Co., New York City.

MR. J. J. DONOVAN, Vice-President, Bloedel-Donovan Mills, Bellingham, Wash.

MR. E. H. HUXLEY, President, U. S. Rubber Export Co., New York City.

MR. GILBERT H. MONTAGUE.

MR. C. M. MUCHNIC, Vice-President, American Locomotive Sales Corporation, New York.

MR. E. P. THOMAS, President, U. S. Steel Products Co., New York City.

Group Sessions**Group 1—4:30 P.M.**

Foreign Credits—In co-operation with the National Association of Credit Men.

Committee in Charge:

Chairman, MR. C. E. THOMAS, U. S. Steel Products Co., New York.

Secretary, MR. J. H. TREGOE, Secretary-Treasurer, National Association of Credit Men.

MR. A. H. BOETTE, Filsinger Boette Co., St. Louis, Honorary Chairman.

MR. E. L. SHIPEE, Chicago-Kenosha Hosiery Co., Kenosha, Wis., Vice-Chairman.

MR. H. G. ANGEVINE, Hyatt Roller Bearing Co., Newark, N. J., Vice-Chairman.

MR. W. K. HARDT, Fourth Street National Bank, Philadelphia, Pa.

Address: "*An Inquiry Into Latin-American Credit Conditions*," MR. C. E. MCGUIRE, Assistant Secretary, International High Commission.

Topics of Discussion:

1. The need of a system for the direct granting of Foreign Credits.
2. What is necessary for the upbuilding of such a system.
3. How business interests may encourage and supply the necessities of such a system.

Group 2—4:30 P.M.**Co-operation in Foreign Trade.**

Chairman, MR. R. H. DOWNMAN, New Orleans, La.

Secretary, MR. J. A. TROY, Secretary, Foreign Trade Bureau, Business Men's League, St. Louis, Mo.

(This session will be devoted to a continuation of the discussion of Co-operation from a general session.)

"Suggested Methods of Co-operation," Committee Report.

Address: *"Governmental Co-ordination of Export Activities,"* MR. ERNST B. FILSINGER, Foreign Sales Manager, Lawrence & Co., Boston and New York, author of *"Exporting to Latin America."*

Address: *"How the Grocery Export Trade Has Employed the Metric System in Foreign Commerce,"* MR. F. R. DRAKE, Foreign Affairs Committee, National Wholesale Grocers' Association; member, Executive Committee, American Metric Association.

Group 3—4:30 P.M.**Problems of the Smaller Manufacturer and Merchant.**

(In co-operation with the American Manufacturers' Export Association.)

Chairman, MR. E. M. HERR, President, American Manufacturers' Export Association, and President, Westinghouse Electric and Manufacturing Co., Pittsburgh, Pa.

Secretary, MR. J. STANLEY ROSE, Barber Asphalt Co., Philadelphia, Pa.

This session included discussion by the question and answer method of:

Credits and Credit Information

Advertising

Direct Foreign Selling

Foreign Sales Organizations

Packing

Shipping

Collections

Obtaining Foreign Agents

This session was continued at 8 P.M., January 25, and 2 P.M., January 26.

Group 4—4:30 P.M.**Banking and Investment.**

Chairman, MR. FESTUS J. WADE, President, Mercantile Trust Co., St. Louis, Mo.

Secretary, MR. CHARLES T. GWYNNE, Secretary, Chamber of Commerce of the State of New York.

(A continuation of the discussion of the general session on America's Position in World Finance.)

Group 5—8 P.M.**Commercial Education for Foreign Trade.**

Chairman, CHANCELLOR S. B. McCORMICK, University of Pittsburgh.

Secretary, MR. GUY E. SNIDER, College of the City of New York.

Address: *"A Government Employment Information Service for Foreign*

Trade," DR. E. E. PRATT, Chief, Bureau of Foreign and Domestic Commerce, United States Department of Commerce.

Discussion: "*Training for the Export Trade: What the Business Man Wants*:"

MR. G. A. AERTS, President, Foreign Com. Ass'n, Chm. For. Trade Com., Cincinnati Chamber of Commerce.

MR. E. H. HUXLEY, United States Rubber Export Company.

Address: "*The Essential Subjects in Teaching the Technique of Exporting*," MR. W. H. LOUGH, Business Training Corporation, New York City.

Address: "*What the Business Man Demands from the Schools and Colleges in Foreign Language Instruction*," PROF. J. F. L. RASCHEN, University of Pittsburgh.

General discussion under five-minute rule.

DR. G. L. SWIGGETT, U. S. Bureau of Education, and others.

Group 6—8 P M.

The Function of the Export Merchant and Commission House.

(In co-operation with the American Exporters' and Importers' Association.)

Chairman, MR. WELDING RING, the American Exporters' and Importers' Association.

Secretary, MR. WILFRED H. SCHOFF, Secretary, Philadelphia Commercial Museum.

Topics for Discussion:

1. The function of the export merchant.
2. The services rendered by the merchant.
3. The facilities at the command of the merchant for opening up foreign market.

Third General Session—Friday, January 26, 10 A.M.

National Shipping Policy.

Report: "*World Shipping Conditions and the American Merchant Marine*," by the Merchant Marine Committee of the National Foreign Trade Council.

Address: "*The Present Position and Future Prospect of American Shipbuilding*," MR. J. W. POWELL, President, Fore River Shipbuilding Co., Quincy, Mass.

General discussion under the five-minute rule.

"*Shipping to Latin America*," a survey by MR. A. EUGENE BOLLES, Manager, Spanish edition, World's Work Magazine.

Address: "*World News and World Trade—The Effect of News Upon American Prestige Abroad*," by Mr. James Carson (representing MR. MELVILLE E. STONE, General Manager, Associated Press).

Address: "*How Commercial Organizations Can Aid Foreign Trade Development*," MR. ROBERT NEWTON LYNCH, Vice-President and Manager, San Francisco Chamber of Commerce.

Adjournment for Luncheon.

OPTIONAL TOURS TO PITTSBURGH INDUSTRIES

Friday Afternoon, January 26

To permit delegates to observe the wonders of the great basic industries located at Pittsburgh, Friday afternoon was reserved for separate visits to the following plants, the managements of which courteously made special arrangements for the reception of delegates and explanation of the processes by experts:

Coal—To one of the modern mines of the Pittsburgh Coal Co.

Electricity—Westinghouse Electric & Mfg. Co.

Glass—American Window Glass Co.

Steel—Edgar Thomson Steel Works of Carnegie Steel Co.

A trip to the Northside food products plant of the H. J. Heinz Co. was given for ladies on Friday afternoon.

BANQUET

Friday, January 26, 7 P.M.

Toastmaster, MR. W. L. CLAUSE, Chairman, Pittsburgh Plate Glass Co., Pittsburgh.

Speakers:

"First Principles in Foreign Trade," HON. EDWARD N. HURLEY, Chairman, Federal Trade Commission, Washington, D. C.

MR. JOHN D. RYAN, President, Anaconda Copper Mining Co.

"The Future of Foreign Trade," MR. JAMES A. FARRELL, Chairman, National Foreign Trade Council; President, United States Steel Corporation.

Fourth General Session—Saturday, January 27, 10 A.M.

Examples of Successful American Export Enterprise—a report by the National Foreign Trade Council.

Report from Group Session No. 1, "Foreign Credits."

Report from Group Session No. 2, "Co-operation in Foreign Trade."

Report from Group Session No. 3, "Problems of the Smaller Manufacturer and Merchant."

Report from Group No. 4, "Banking and Investment."

Report from Group No. 5, "Commercial Education for Foreign Trade."

Report from Group No. 6, "Function of the Export Merchant and Commission House."

Report of General Convention Committee.

Concluding Business of the Convention.

Adjournment, 12:30 P.M.

GOVERNMENT TRADE INFORMATION FOR DELEGATES

Representatives of the Department of State, the Department of Commerce, Bureau of Foreign and Domestic Commerce, Pan-American Union, and International High Commission were present to give delegates the benefit of government trade information and advice regarding foreign markets.

SECRETARY IN CHARGE OF CONSULAR INFORMATION

MR. CHARLES LYON CHANDLER, South American Agent, Southern Railway,
Chattanooga, Tenn.

DEPARTMENT OF STATE

- MR. JAMES A. SMITH, Consul-General, Calcutta, India.
(Formerly in Africa and Italy.)
- MR. FELIX WILLOUGHBY SMITH, Consul at Tiflis, Russia.
(Formerly stationed in Italy, Warsaw, Russia, Beirut, Aden and Batum.)
- MR. RALPH J. TOTTEN, Consul-General-at-Large for Europe.
(Recently returned from an inspection tour of all American offices in Europe.)
- MR. ARMINIUS T. HAEBERLE, Consul at Pernambuco, Brazil.
(Formerly stationed in Mexico, Honduras and Azore Islands.)
- MR. GEORGE C. HANSEN, Consul at Swatow.
(Previously at various posts in China.)
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DEPARTMENT OF COMMERCE, BUREAU OF FOREIGN AND DOMESTIC COMMERCE

- DR. E. E. PRATT,
Chief, Bureau of Foreign and Domestic Commerce, Washington, D. C.
- MR. D. E. CASEY,
Chief, Division of District Offices, Bureau of Foreign and Domestic Commerce, Washington, D. C.
- MR. LOUIS DOMERATSKY,
Chief, Division of Foreign Tariffs, Bureau of Foreign and Domestic Commerce, Washington, D. C.
- MR. OTTO WILSON,
Chief, Latin-American Division, Bureau of Foreign and Domestic Commerce, Washington, D. C.

- MR. EDGAR M. DILLON,
*District Office Manager, Bureau of Foreign and Domestic Commerce,
New York, N. Y.*
- MR. GEORGE W. DOONAN,
*District Office Manager, Bureau of Foreign and Domestic Commerce,
St. Louis, Mo.*
- MR. ELIOT G. MEARS,
*Chief, Division of Commercial Agents, Bureau of Foreign and Domestic
Commerce, New York, N. Y.*
- MR. C. P. CARTER,
*Commercial Agent in charge of sample exhibits, Bureau of Foreign and
Domestic Commerce, New York, N. Y.*
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CO-OPERATIVE BRANCH OFFICERS

- MR. F. L. ROBERTS,
*Foreign Trade Secretary, Cleveland Chamber of Commerce, Cleveland,
Ohio.*
- MR. J. M. BECHTOLD,
*Manager, Foreign Trade Bureau, The Greater Dayton Association, Day-
ton, Ohio.*
- MR. F. N. POE,
*Assistant Secretary, Foreign Trade Bureau, Philadelphia Chamber of
Commerce, Philadelphia, Pa.*
- MR. A. S. WILSON,
*Manager, Foreign Trade Department, Cincinnati Chamber of Commerce,
Cincinnati, Ohio.*
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PAN-AMERICAN UNION

- MR. WILLIAM A. REID, Washington, D. C.
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INTERNATIONAL HIGH COMMISSION

- DR. C. E. MCGUIRE, Assistant Secretary-General, Washington, D. C.

VOLUNTEER TRADE ADVISERS

The following gentlemen kindly consented to serve as Volunteer Trade Advisers to assist informally in the conduct of the general and group sessions. They were available, so far as time permitted, for individual consultation regarding the subjects indicated, and particularly to answer questions in the Group Sessions.

Secretary in Charge of Volunteer Trade Advice:

MR. G. A. O'REILLY, Foreign Trade Representative, Irving National Bank, New York.

MR. WALTER MCGEE ANNETTE, Export Manager, Hercules Powder Company.

Export of explosives, various markets.

DR. W. H. AUGHINBAUGH, Foreign Trade Editor, Leslie's Weekly, New York University.

Arthur of "Selling Latin-America," problems of exporting in all markets; foreign advertising.

MR. W. M. BENNEY, Secretary, Foreign Trade Department, National Association of Manufacturers.

General export problems.

MR. H. P. BARRAND, Assistant Cashier, National Bank of Commerce, New York.

Foreign banking facilities, credits, etc.

MR. CHARLES LYON CHANDLER, South American Agent, Southern Railway, Chattanooga, Tenn.

Latin-American trade opportunities.

MR. O. M. CLARK, Clark-Wilson Lumber Co., Portland, Ore.

Export of lumber, general export problems, West Coast of South America and other markets.

MR. MAURICE COSTER, Managing Director, Westinghouse Electric Export Co., New York City.

Export of electrical equipment and machinery to all countries.

MR. C. P. CONVERSE, Secretary, Foreign Trade Department, San Francisco, Cal.

General foreign trade problems, Pacific markets, shipping, etc.

MR. J. G. CULBERTSON, General Manager, Wichita Falls Motor Co., Wichita Falls, Texas.

Export of motor trucks through catalogues and correspondence, neutral markets.

MR. W. T. DAENITZ, President, Export Traders' Association, Chicago, Ill.

Export of machinery, building materials, lighting systems, etc.

MR. E. V. DOUGLAS, Secretary, American Manufacturers' Export Association.

General export problems.

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- MR. R. CARL EDDY, Vice-President, S. L. Jones & Co., San Francisco, Cal.
General export problems, Pacific markets.
- MR. PERCIVAL FARQUHAR, President, Brazil Railways Co.
Development of foreign railways by American investment.
- MR. ERNST B. FILSINGER, Lawrence & Co., New York City.
Export of footwear, textiles, hosiery, wearing apparel.
- MR. JOHN F. FOWLER, Vice-President, W. R. Grace & Co., New York City.
The South American trade, shipping, etc.
- MR. LOUIS GETZ, President, Getz Bros. & Co., San Francisco, Cal.
General export and import problems, Pacific markets.
- MR. F. A. GOODHUE, Vice-President, First National Bank, Boston, Mass.
Financing of foreign trade.
- MR. E. A. GROFF, Manager Foreign Department, National City Bank of New York, New York City.
Foreign banking facilities and trade development through banking, foreign credits.
- MR. E. H. HUXLEY, President, U. S. Rubber Export Co., New York City.
Exportation and importation of rubber and rubber products.
- MR. FRANKLIN JOHNSTON, American Exporter, New York City.
Export of manufactures sold under brand or trade mark, including machinery.
- MR. H. LAWTON, Manager Foreign Department, Ft. Dearborn National Bank, Chicago; President, Foreign Traders' Association, Chicago.
General export problems.
- MR. C. STEWART LEE, Pusey & Jones Co., Wilmington, Del.
Export of paper and pulp machinery; Russian trade opportunities.
- MR. CHARLES M. MUCHNIC, Vice-President, American Locomotive Sales Corporation, New York.
Export of locomotives, railway materials, foreign investment, etc.
- MR. W. W. PAGE, Geneva Cutlery Co., Geneva, N. Y.
Export of cutlery, optical goods, watches, etc., direct and through commission houses.
- MR. WILL A. PEAIRS, Vice-President, Chamberlain Medicine Co., Des Moines, Iowa.
Export of proprietary remedies; Asia, Africa, Australasia, establishment of branch factories abroad.
- MR. WILLIAM E. PECK, President, W. E. Peck & Co., New York.
Export to and import from Latin America and Australasia.
- MR. A. S. POSTNIKOFF, International Manufacturers' Sales Company of America; Chicago Association of Commerce, Chicago, Ill.
Export to Russia, Russian trade opportunities.
- MR. H. T. POWELL, Manager Export Department, Standard Oil Co., San Francisco, Cal.
Export of oils and oil products.
- MR. WELDING RING, Mailler & Quereau.
Exporters and importers, Australasia, South Africa, shipping, financing.

MR. STANLEY ROSE, Foreign Sales Manager, Barber Asphalt Co., Philadelphia, Pa.

Formerly Commercial Agent, U. S. Department of Commerce, general foreign trade problems.

MR. WILFRED H. SCHOFF, Secretary, Philadelphia Commercial Museum, Philadelphia, Pa.

General problems of foreign trade; credit information.

MR. GEORGE C. SCOTT, U. S. Steel Products Co., New York.

Export of steel and manufactures thereof all markets; shipping, sales organizations, utilization of commission houses, etc.

MR. R. S. SHAINWALD, Manager, Paraffine Paint Co., San Francisco, Cal.

General export problems, Pacific markets.

MR. PEMBERTON SMITH, Argentine Representative, U. S. Steel Products Co.

Export of steel manufactures to Latin America.

MR. F. H. TAYLOR, President, S. S. White Dental Mfg. Co., Philadelphia, Pa.

Export of highly finished manufactures, patented and otherwise.

MR. T. W. VAN, Koken Barber's Supply Co., St. Louis, Mo.

General export problems, foreign sales organization problems of the smaller manufacturer and merchant.

MR. DANIEL WARREN, Vice-President, American Trading Co., New York City.

General exportation and importation natural commodities, and manufacturers, shipping, etc., Latin America, Far East and other parts of world.

MR. GEORGE WESTON, American Express Co., New York.

Financing foreign sales, package freight, etc.

CALL OF THE CONVENTION

The many problems arising in the foreign trade of the United States merit the earnest consideration of Americans representing all activities related to oversea commerce and all sections of the country.

The National Foreign Trade Council calls the Fourth National Foreign Trade Convention to meet at the William Penn Hotel, Pittsburgh, Pa., Thursday, Friday and Saturday, January 25, 26 and 27, 1917, to consider, among others, the following questions:

Conditions in Foreign Markets after the War, and the measures necessary to safeguard American foreign trade, including the foreign trade aspect of the American tariff system.

Co-operation in Foreign Trade Development.

The American Merchant Marine.

Foreign investment of American capital as an aid to Oversea Commerce.

Problems of the Smaller Manufacturer and Merchant.

All Americans engaged in, or desirous of entering, oversea commerce, and particularly all *Boards of Trade, Chambers of Commerce and other commercial and industrial organizations*, are invited to participate, either individually or by appointment of delegates, in a practical and constructive discussion of policies and practices necessary to meet the keenest competition which the United States may encounter in world markets after the war.

The proceedings will be designed to bring out the mutual interests of the chief elements in foreign trade, namely, manufacturing, agriculture, and other natural productions, including mining and the lumber industry, merchandising, transportation and banking. In addition to prepared addresses by authorities on topics mentioned, the Convention will be largely given over to "group sessions," each devoted to intensive discussion of a single problem, in which all delegates are at liberty to participate. A number of gentlemen long experienced and successful in foreign trade will act as volunteer trade advisers and improved facilities will be provided for bringing into conference with them delegates who desire information and advice. The State Department will detail several United States Consuls General to the Convention for purposes of

individual consultation, and to provide information to delegates; and the Secretary of Commerce has similarly assigned officials from the Bureau of Foreign and Domestic Commerce to duty at Pittsburgh during the Convention.

The Convention will thus offer exceptional opportunities for the individual delegate to obtain information, as well as the benefits of the addresses and discussion in the Convention sessions.

Foreign Trade is a vital element in domestic prosperity, whether such prosperity be enhanced by war demands or diminished by lack of foreign orders in peace. The constructive encouragement of a sound national foreign trade policy will be the purpose of the Convention, in which the co-operation of all elements engaged in, or affected by, foreign trade is invited and will be welcomed.

JAMES A. FARRELL,
Chairman.

ROBERT H. PATCHIN,
Secretary.

FOURTH NATIONAL FOREIGN TRADE CONVENTION

William Penn Hotel, Pittsburgh, Pa.

January 25, 26, 27, 1917

FIRST SESSION

Thursday, January 25, 1917, 10 A. M.

Mr. James A. Farrell, President, United States Steel Corporation,
Chairman, National Foreign Trade Council, Presiding.

CHAIRMAN FARRELL: Will you please come to order, gentlemen? As Chairman of the National Foreign Trade Council, permit me to express satisfaction and appreciation for the representative gathering in attendance here this morning and for the generous response in numbers which you have made to the Council's invitation to join in conference on the problems arising in our foreign trade. Every activity in manufacture, agriculture, transportation and all the branches of natural production, merchandising and finance are here represented from all sections of the country. This gathering is an inspiring demonstration of the importance which foreign trade has assumed in the national life of our country. The program is confined to topics which are urgent problems, and so arranged as to elicit an active discussion, particularly in the Group Sessions. I venture to say that few questions regarding actual experience in foreign trade can be put to this audience without discovering some delegate or delegates who can supply the answer. The success of the sessions will therefore depend largely upon the readiness of the delegates to ask for information that does not appear in the prepared addresses, and in the prompt willingness of those who know to answer the questions.

In accordance with the custom established, the purpose of the Convention being non-political and nonpartisan, and solely for the

development of foreign trade and nationalizing the movement for the encouragement of a sound national foreign trade policy through the enlightenment of public opinion, no resolutions will be considered at this Convention. That has always been our custom. It is a forum for the discussion of foreign trade problems. Many delegates representing organizations are here in their personal capacity and unable to vote in a truly representative manner; hence it is deemed improper in these conventions to constitute ourselves a body other than to devote our time to deliberation and to the discussion of matters concerning foreign trade.

In accepting the invitation of the Governor of Pennsylvania, the Mayor of Pittsburgh, the Pittsburgh Foreign Trade Commission, the Pittsburgh Chamber of Commerce and various public bodies to hold the Fourth National Foreign Trade Convention in this great State and City, the Council was mindful of the fact that the State of Pennsylvania, and especially the City of Pittsburgh, occupy the front rank in industrial pursuits. (Applause.) Many of the business men in this city have been pioneers in foreign trade development, and for many years Pittsburgh has occupied an important position in foreign trade. Its exports have amounted to something like Five Hundred Million Dollars during the past year. It is not a city of steel or glass or electric products, but a city in which are located something like two hundred classes of industry of a greatly diversified character; and it is particularly fitting that this Convention should be held in this great industrial center.

I have pleasure in introducing Mr. J. Rogers Flannery, Chairman, Pittsburgh Foreign Trade Commission, who will now address you. (Applause.)

ADDRESS OF WELCOME BY MR. J. ROGERS FLANNERY

MR. J. ROGERS FLANNERY, Chairman of the Pittsburgh Foreign Trade Commission: Mr. Chairman and Gentlemen: It is hardly necessary for me to say that Pittsburgh appreciates the honor of being selected as the city where so many of the representative business men of this country have met to deliberate on the most vital problems affecting our future in foreign trade, and to unravel, if possible, the net work of legal obstructions and economic complications that handicap our efforts to secure a greater volume of the world's commerce.

We welcome you most heartily to the workshop of the United States, and our manufacturers, bankers and business men will gladly

avail themselves of the opportunity to listen to your counsel and participate in your conferences.

We appreciate that you are here for work and not for pleasure and will not burden you with entertainment. We are at your command and will endeavor to provide you with every comfort and convenience in order that you may be able to concentrate on your work at this convention and carry away with you pleasant recollections of your short visit with us.

To-morrow afternoon has been set aside for sightseeing, not as a pleasure jaunt, but simply as a practical illustration of how four of the great industries of this country are operated and to acquaint you with the fact that Pittsburgh is the industrial metropolis of the United States and the home of our basic industries. This will be an important phase of your convention because it will give you some idea of the great latent power of this country in raw materials and you will have an opportunity of seeing how steel, coal, electrical machinery and glass are produced.

Many of you gentlemen may have investments in some of these industries and a visit such as outlined will be of some personal interest and value, but every delegate should go on one of these tours because our idea is not to advertise Pittsburgh but to give you a typical demonstration of the United States as it stands to-day in relation to its foreign trade. You will see in your tours that Pittsburgh is shipping an enormous amount of raw materials to finished manufacturers in various parts of this country, and permitting them to secure the larger proportion of the value of the material when this material has been made ready for consumption, just as the United States is shipping too much raw material to European manufacturers and permitting them to get the larger proportion of profit from the material when ready for consumption.

Pittsburgh is a city of big figures, big tonnage and big payroll and we are very proud of her success. Her steel production was greater in 1912 than the steel production of all of Great Britain. This district turns out 50% of the coke in this country, 25% of the soft coal, 35% of the steel, 60% of the tin plate and 65% of the glass. We lead the world in the manufacture of iron, steel, glass, electrical machinery, steel cars, air brakes, fire-brick, cork and aluminum, but we Pittsburghers appreciate that entirely too much tonnage goes out of this district in unfinished form and we are waging a very aggressive campaign to induce some of the finished manufacturers of our raw materials to locate in the Pittsburgh dis-

trict. Very few of the people of this country know that Pittsburgh produces 45% of the raw material for the hardware industries of this country, 44% of the raw material for the agricultural implements, 45% of the raw material for the automobile industry and 37% of the raw material for the machinery manufactured in the United States, and we are growing, as is proved by the fact that since 1900 our tonnage output has jumped from 57,000,000 tons to 157,000,000 tons in 1915, an increase of about 300%.

Just as we are the greatest producers and shippers of raw materials in this country so the United States is the greatest producer and shipper of raw materials in the world. The fact that this country has the raw materials to export is proof, of course, that we have a wonderful future before us in foreign trade if we care to go after it aggressively, and all we need is a broader vision of our world's trade opportunities to see the advantages of concentrating more on a foreign market for finished materials rather than accepting a less competitive and less profitable market for our raw materials. Of course, national prosperity to be permanent must be based on natural wealth. Resources create opportunities and the greater the resources the greater will be the opportunities. Our natural resources are the real basic materials that make a country rich and self-reliant. Agriculture is the foundation of all natural wealth because man's primary needs are food, clothing and shelter, and these can be supplied only by the soil.

We may have mining and manufacturing, but some one must till the ground for food and raise raw materials for clothing. A nation may secure its food from abroad and devote itself to industry, but it is liable to collapse if anything interferes with its only means of livelihood. Forty-six per cent of the land mass of the United States is in farms. We are the great wheat producers in the world, exceeding Russia, our nearest rival, by 33½%. We produce 75% of the corn of the world and devote an area almost as large as Germany itself to this purely American product. We practically monopolize raw cotton and, when the American manufacturers awaken to the absurdity of shipping so much of our raw cotton abroad to be returned as finished material, European manufacturers will be in a bad way, as they must depend on us.

Iron ore is the most valuable mineral not used for power. Both England and Germany are unable to produce enough iron ore to meet their requirements and import large amounts. We have enormous bodies of ore, 75% of which comes from the Lake

Superior region and is easily available for water transportation. Our Lake Superior ores are the richest in the world and are so near the surface and so easy to mine that steam shovels can be employed for obtaining most of the ore. The United States is the greatest iron maker in the world and her industry rests upon domestic ores. In manufacturing, power is just as important an element as the possession of raw materials. Fuel decides whether a nation shall be an iron manufacturer or an ore exporter. Cuba has the iron ore but not fuel, so she ships her ore to the United States. Coal is the king of all minerals and from 60% to 70% of the world's known deposits are in this country. We have about 496 square miles of hard coal and about 50,000 square miles of soft coal, which about equals the combined land mass of Germany, France and the United Kingdom. There is no question, therefore, about this country having the natural resources, but to be a larger factor in foreign trade we must have more. We must have the finished manufacturers so that we can obtain for ourselves the full value of our natural resources.

Pittsburghers realize that, while we are doing wonderfully well, finished manufacturers of the raw materials we are producing would be a magnificent addition to this district because we would not only increase the value of our raw material several hundred per cent, but most of this money would go to the very class which would help the community the most, namely, the laboring class. We would have a greater percentage of skilled mechanics, high class machinists, and the whole community would be enriched.

The same thing in a larger sense applies to the foreign trade of this country to-day. What was the keynote of the proposed Economic Trade Alliance of the Entente Powers? "Conservation of raw materials for their affiliated allies and economic independence of the enemy countries." It is about time that we see the handwriting on the wall and shape our foreign trade accordingly. Why should 60 per cent of our cotton output, which has a greater value than any other single product in this country, go abroad without American labor getting a single cent of the finished value of this material? Picked in the fields, baled and shipped to other countries, whose labor will profit from our lack of vision? It is true that during the last two years the percentage of our finished product has increased enormously, due to the inability of European manufacturers to take care of their foreign customers. The question is, will we retain this very desirable class of business or will we again

fall back to the position which we have occupied so long of furnishing Europe with the raw materials for their manufacturing plants, they in turn finishing the material and shipping it all over the world. This is the thought that we would like these industrial tours to bring to your mind as you see the enormous production of raw material in this district. Let us ship more finished material ready for consumption to our foreign customers.

I do not mean to infer that we are not a manufacturing country, because, as a matter of fact, the value of the finished manufactured goods turned out in this country in 1914 amounted to \$18,000,000,000, which was about double the value of all manufactured articles exported by all the nations of the world. But we only imported \$1,000,000,000 of this enormous output of \$18,000,000,000 of finished manufactures. The balance was absorbed by this country. We can appreciate, therefore, why the finished manufacturers of this country have concentrated on domestic trade instead of foreign trade. The domestic markets are not only demanding twice as much manufactured material, but they are in our own country; we use our own currency and we are more familiar with the customers, needs and credit of our customers.

But we must look to the manufacturer to increase the foreign trade of this country and to make up for the future loss in foodstuffs and raw materials. We should conserve our raw materials as we must conserve our foodstuff. Our percentage of foodstuffs in exports is decreasing very rapidly as our domestic consumption grows. As a matter of fact, our annual consumption of wheat has averaged about 600,000,000 bushels for the last five or six years and our production in 1916 was only about 637,000,000 bushels. Pittsburgh, compared with other cities in the United States, is so typical of the position of the United States in comparison with other countries doing world commerce that your visit here may drive home the thought that the finished manufacturers of this country must get busy in foreign markets.

Our government is alive to the necessity of getting more values out of our raw materials and a most important branch of the government that directly affects American industry will, within the next twelve months, be in full operation in Pittsburgh. The government is spending \$1,000,000 in Pittsburgh in research laboratories for the Federal Bureau of Mines and very few outside of that department realize the wonderful scope of this department. Mr. H. Manning, Chief of the Bureau, stated this week that it is the inten-

tion of the Bureau to link science and industry, to study all metallurgical and chemical problems in this country and to increase the value of American products. Not only will the problem of mining be studied but also the study of fuels and the means whereby they can be more efficiently used. Electrical engineering will be thoroughly investigated from every angle. Petroleum will be studied, and the Bureau will endeavor to show better methods of drilling wells, stopping wastage and working on new processes for securing larger quantities of gasoline from crude oil. Every iron and steel manufacturer will be interested as their metallurgical problems will also be carefully studied. A concrete instance of the many diverse fields in which this department is working was shown recently by their discovery that the practically unused china clays of Georgia can be blended in such a manner as to make this china ware equal to that which comes from European countries, which means a new industry in this country and independence of a foreign source of supply. Pittsburgh, therefore, will be the home of industrial research in a few years and the mecca for the thousands of metallurgical, chemical and efficiency engineers of the United States.

Pittsburgh also has a very unique and valuable institute attached to the University of Pittsburgh, which is called the Mellon Institute of Industrial Research. It has an industrial fellowship system by which a company, association, or an individual contributes a definite sum of money to the Institute for a period of one or more years and this money is used for working out any particular industrial problems which may be requested by the donor or that may be valuable to the community. It may consist in devising new methods of manufacturing staple commodities at less cost or in creating new commodities that are now waste products. The practical results from its operations within five years have been very valuable and they are dealing with such subjects as the chemistry of bread and baking, the milling of flour, increasing the supply of natural gas, the bleaching of animal and vegetable oils, the technology of glass, the corrosion of steel, problems of hydrometallurgy and many other problems relating to the utilization of all kinds of waste materials. This Institute is one of the proofs of the fact that Pittsburgh recognizes the modern tendency of cooperation between industry and science and will undoubtedly mean a great deal to our manufacturing interests in the future.

We wish you every success in your work because upon the acts and counsel of representative business men of this country

like yourselves depends the commercial future of the United States. We have reached the psychological moment in the industrial history of our country, if we have not already passed it, and the next twelve months will decide whether we are going to grasp the opportunities that have been offered to us as to no other country in the history of the world or whether we will be blind to our advantages and deaf to the call that bids us awaken and seize the leadership in the world of commerce. (Prolonged applause.)

CHAIRMAN FARRELL: Gentlemen, we will now proceed to the election of the presiding officer of the Convention.

MR. B. F. HARRIS, President, First National Bank, Champaign, Ill.: I nominate as President of the Convention Mr. Alba B. Johnson, of Philadelphia, President of the Baldwin Locomotive Works.

CAPTAIN ROBERT DOLLAR, President, The Robert Dollar Co., San Francisco, Cal.: I take great pleasure, Mr. Chairman, in seconding the nomination. (Applause.)

(Mr. Alba B. Johnson was unanimously elected President of the Convention.)

PRESIDENT JOHNSON: Perhaps I can best open my remarks by giving a part of the Call for this Convention.*

Gentlemen, this is the Fourth National Foreign Trade Convention held in three years. The first occurred in Washington a few months before the war, and dealt with the necessity of a more systematic and co-ordinated national policy in the foreign trade. The second was held at St. Louis in January, 1915, and dealt with the effect upon international commerce of the war, which had then been in progress six months. The third was held in New Orleans in January, 1916, and was divided between the problems created by the war, which then had revolutionized the character of our foreign trade, and the opportunities which had begun to be apparent would be presented at the close of the war. The Fourth National Foreign Trade Convention, larger and more representative than any of its predecessors, is now assembled to devote its attention to a consideration of the problems arising from new relationships among nations and a new order of international economy.

This is essentially a business men's conference, and so far as past experience and undiminished endeavor can combine to render the discussions practical and constructive, it will be directed

* The Call is printed on pp. vi, vii.

to increase the common sum of knowledge of the methods necessary to extend permanently and profitably, both to ourselves and to our foreign cousins, the oversea commerce of the United States.

The program before you deals with the world trade conditions as they are likely to stand after the war; the foreign trade aspect of the tariff without reference to its controversial domestic phases; American banking in foreign trade, which is most pertinent in view of the large gold balance here accumulated; Co-operation in foreign trade, which is an obvious necessity, since all the great industrial nations, except the United States, have developed co-operation to an extent undreamed of before the war; the problems of the smaller manufacturer and merchant, which the Council in past Conventions has always given great prominence because of the conviction that the future welfare of our foreign trade is largely dependent upon the participation in it of an increasing number of industries and enterprises of moderate size; commercial education for foreign trade indispensable in the creation of the army of young oversea merchants necessary to our new destiny; the function of export merchants and commission houses.

Also the American merchant marine, and here we will all make a silent prayer that before another National Foreign Trade Convention is held, and as a result of the wider national interest here engendered, there may be an end of the discussion and a real beginning of that for which all have longed,—the restoration of the American flag to its once proud position on the seven seas.

The interest of the farmer in foreign trade is to be particularly emphasized, and it is gratifying that the representation of agriculture in this convention is larger than ever before, for after all, while the difficulties of export of manufactured products are greater and press for more constant attention, the greater volume and value consists of agriculture and other natural commodities. The part that commercial organizations can play in the development of foreign trade will find place in the program.

The time of the convention is to be divided between the presentation of addresses by recognized authorities and informal discussions from the floor. It will also be divided between general sessions, which all delegates will attend, and group discussions, each of which will be given over to intensive discussion of specific questions. This year we have avoided elaborately prepared papers in the Group Sessions, for past experience has shown that the delegates take greater satisfaction in the question and answer method of

discussion. This imposes an obligation upon the delegates. Those who desire practical information are urged freely to ask questions, and those whose experience and knowledge contain the answer are urged to reply. The chairmen of the group sessions will do their utmost to encourage free interchange of ideas, at the same time keeping the discussion germane to the topic of the meeting.

Almost simultaneously there has met in this city the National Lumber Exporters Association, devoting itself vigorously and sagaciously to its broad problems in International Commerce; and last, but by no means least, we derive a driving inspiration from our environment. Here at the basic source of raw materials which enter so largely into our foreign commerce and upon which other nations less richly endowed must depend we cannot fail to be encouraged by the example of Pittsburgh enterprise, while we enjoy Pittsburgh hospitality. To the Pittsburgh Committee which has co-operated in making the arrangements for this Convention, the National Foreign Trade Council asks me to express its gratitude.

We have a great deal on the program to-day, and it will be necessary to run it on a railroad schedule, and also to keep to the schedule. This may make it necessary to put upon all speakers a time limit, much as we desire to hear their able discourses in full.

Now, the first business will be the election of Secretaries of the Convention.

A DELEGATE: I nominate as Secretaries Mr. Robert H. Patchin, Secretary of the National Foreign Trade Council, and Mr. Charles L. Wood, Secretary of the Pittsburgh Committee on Arrangements.

MR. ROBERT H. PATCHIN: Gentlemen, I desire to heartily second the nomination of Mr. Charles L. Wood as Secretary of this Convention. Mr. Wood has been the Secretary of the Pittsburgh Committee on Arrangements which has done a vast amount of valuable and helpful work in the organization of this Convention, and which has personified the hospitality and helpfulness of the City of Pittsburgh.

PRESIDENT JOHNSON: Gentlemen, you have heard the nominations, which have been duly seconded, of Messrs. Patchin and Wood as Secretaries of this Convention. Are you ready for the question?

(The gentlemen named were unanimously elected as Secretaries of the Convention.)

PRESIDENT JOHNSON: The next business in order will be the appointment of the General Convention Committee.

MR. JOHN S. LAWRENCE, John S. Lawrence & Co., Textiles, New York and Boston, Mass.: I move you that the President be authorized to appoint a committee consisting of fifteen or more delegates to act as a General Administrative Committee for the sessions of the Convention.

ROBERT NEWTON LYNCH, Vice President and Manager, San Francisco Chamber of Commerce, San Francisco, Cal.: I second it. Motion carried, and the President subsequently appointed the following committee:

GENERAL CONVENTION COMMITTEE

Chairman, James A. Farrell, New York.

Arnold, J. J., Chicago, Ill.	McCormick, S. B., Pittsburgh, Pa.
Black, H. A., Galveston, Texas	McKellar, R. L., Louisville, Ky.
Buckley, W. T., Buffalo, N. Y.	Miller, Jere A., Wheeling, W. Va.
Burgess, George B., Memphis, Tenn.	Miner, E. G., Rochester, N. Y.
Clark, O. M., Portland, Ore.	O'Brien, Dennis F., Newark, N. J.
Clause, W. L., Pittsburgh, Pa.	Parker, Walter, New Orleans, La.
Dollar, Robert, San Francisco, Cal.	Patchin, Robert H., New York.
Donovan, J. J., Bellingham, Wash.	Peairs, Will A., Des Moines, Ia.
Downman, R. H., New Orleans, La.	Pigott, William, Seattle, Wash.
Flannery, J. Rogers, Pittsburgh, Pa.	Ring, Welding, New York
Haney, C. H., Chicago, Ill.	Smith, H. Sanborn, Birmingham, Ala.
Harris, B. F., Champaign, Ill.	Straight, Willard, New York
Herget, H. G., Pekin, Ill.	Taylor, Frank H., Philadelphia, Pa.
Herr, E. M., Pittsburgh, Pa.	Taylor, S. K., Mobile, Ala.
Johnson, Alba B., Philadelphia, Pa.	Thomas C. E., New York
Joy, Benjamin F., Boston, Mass.	Warren, Daniel, New York
Lawrence, John S., Boston, Mass.	Warren, W. R., Cleveland, O.
Lynch, Robert Newton, San Francisco, Cal.	Wade, Festus J., St. Louis, Mo.

PRESIDENT JOHNSON: The National Foreign Trade Council has prepared a most valuable paper entitled "World Trade Conditions After the European War." I must earnestly commend to every delegate to this Convention a careful perusal of it. It was appointed upon the program that I should present, at this point, a summary of it, but in view of the lateness at which we have been able to start the Convention, and being the first to set the example of self-abnegation and curtailment of time, I shall omit that part of the program and leave it for you to make up the deficit at your convenience. There is an ample supply of these papers, so that all of you who have not already received them can obtain copies.

WORLD TRADE CONDITIONS AFTER WAR

*A report of the results of research by the National Foreign
Trade Council**

INTRODUCTION

It is still impossible to make a complete survey of the destruction of property, loss of trade and production, and destruction of stocks in Europe wrought by the war. The most important territories where such a survey has to be made are still under German occupation. Strict censorship has prevented much reliable information reaching this country.

As reference have been used: the files of the *New York Times*, the *London Times*, the *Berliner Tageblatt*, the *Frankfurter Zeitung*, *Stahl und Eisen*, and a great number of German and other foreign dailies and periodicals. Historical facts also were found in the *London Times'* History of the War, in the reports of American consuls and in other publications.

News as reported to the press under the first impression of the event very often will miscalculate the extent of the destruction. So generally the practice has been followed not to accept the first news when it has been contradicted by later reports based on what appears to be better information.

Germany, in Eastern Prussia and Austria in Poland and Galicia, have already done much to repair the damage done. It is to be expected that both countries will rebuild their damaged provinces with the help of their own industrial resources. As this report is made to give an indication of the possible assistance America may have to render in the industrial and economic reconstruction of Europe, more attention will be given to the Western part of Europe, comprising the industrial districts of Belgium and northeastern France.

CAUSES OF DESTRUCTION

Destruction of property was brought about by two distinct agents: (1) The fighting, (2) deterioration in consequence of disuse. Destruction by actual fighting is generally confined to limited fields. Fighting has destroyed property by bombardment and ensuing fires, by intentional incendiarism and by intentional destruc-

* (This report was prepared early in January, 1917, but most of the data consulted was published before December 1, 1916.)

tion. It is a peculiar fact that in most cases where fighting has taken place there has been a certain respect for large industrial enterprises, and it will be shown later that even in the zone of most violent fighting frequently large industrial enterprises have remained practically unhurt.

Destruction by disuse can be less well defined than the former. It has taken place all over Europe. The losses incurred by disuse are still increasing and they will grow as long as the war lasts.

LOCATION OF DESTRUCTION

Military destruction in Europe in consequence of actual fighting is found in all the theatres of war. In the Western theatre it commenced with the entrance of the German troops into Belgium. Germany entered Belgium in several places along the German-Belgian and Luxemburg-Belgian frontier. From there the German troops spread in the form of a fan in the direction of Liège, Namur and Charleroi, closing in again near Brussels and finally concentrating their forces on Antwerp. Fighting on a big scale took place only in the Southern part of Belgium. When the German troops arrived near Brussels the resistance of Belgium had already concentrated more to the north and military destruction in the centre of Belgium was less.

Following the occupation of Belgium German troops entered France in two lines. Here intermittent fighting took place reaching Amiens in a northern drive, and in a southern drive a point 60 miles from Paris. From these two points the Germans were thrown back in a series of heavy battles to the positions they practically held until the beginning of the recent allied drive. In all cases very heavy destruction of property occurred, including such cities as Arras, Amiens, Rheims, etc. The area of France fought over contains more than 3,000 cities, villages and hamlets. It is a narrow strip running from the coast to Verdun and further on to points across the German frontier.

In the Eastern theatre of war East Prussia suffered much at the war's beginning, mostly through destruction of agricultural property.

Poland, twice fought over, has suffered in agricultural districts, and industries of the cities have suffered in consequence of the removal of machinery.

Galicja has endured heavy destruction in public and private property. The destruction in the Balkan States is primarily of agri-

cultural character. About Rumania little is known. In Northern Italy the destruction is understood to be confined to a limited territory.

DIFFICULTIES IN ESTIMATING LOSS

All estimates here made are approximate, and as such can only give a superficial impression of the approximate demand for rebuilding purposes which will arise from the countries in question.

Loss of life and property has been so complete reconstruction on old lines will be impossible. On the other hand the more elastic economic system of the world has made it possible for all countries to carry on a certain amount of industrial and economic work which has relieved the situation. In all the European countries at war the return of peace will not mean a return to the conditions of the time before the war but upbuilding on a new basis.

The total destruction of private and public property is estimated to be as follows:

Western theatre of war.....	\$3,735,000,000
Eastern theatre of war.....	2,250,000,000
Total	<u>\$5,985,000,000</u>

What proportion of this property Europe will undertake to replace immediately with permanent structures and equipment depends upon too many undetermined factors to forecast. The financial condition of the warring powers when peace comes, the ability and willingness of the rest of the world to extend credit, the labor supply, the inter-relation of tariffs and the control of shipping—all are yet unknown factors. Some industrial authorities anticipate that wherever a temporary structure such as a bridge will serve it will be utilized, permanent replacement being deferred to a more prosperous day. Machinery replacements, on the other hand, will probably be effected for the immediate attainment of maximum efficiency. Similarly, the share of the United States in reconstruction will be determined by these factors. All the nations affected are protectionist in policy and may be expected to foster domestic production in the interest of national credit.

AMERICA'S PART

The United States can assist in two ways in the reconstruction of the territories affected:

1. By giving financial accommodation.
2. By selling American commodities.

In both cases it will be necessary to distinguish between the accommodation rendered immediately after the cessation of hostilities, needed for rebuilding purposes, and the permanent accommodation given in future times in ordinary course of business.

The new commercial relation which may spring from the war in Europe must be considered from the standpoint of:

1. Temporary trade.
2. Permanent trade.

STEPS TAKEN FOR REBUILDING

Governmental steps have been taken, in France and Belgium, to establish the exact loss which has been incurred and the best way to adjust it. The *New York Times* of January 3rd, 1917, says:

"Plans for the reconstruction of Northern France after the war worked out by a French Cabinet Committee and outlined in official reports received here, embrace a carefully prepared program for restoration of normal conditions immediately after peace is declared. . . . Provisions are included for the return of refugees to the enemy-occupied districts as expeditiously as possible, prefects of the departments having already reported the number to be repatriated, and a system having been worked out for the return first of those whose presence is an immediate necessity. A central labor bureau has been established in Paris to estimate the labor demand and supply. Prefects in the invaded districts have been provided with funds to purchase agricultural machinery."

Private enterprise also has occupied itself with this question. In England the Committee for Agricultural Relief of the Allies was formed. It is the intention of the Committee to supply French farmers during the war with animal stock and seeds to enable continuance of their work. The rebuilding of agricultural districts of Belgium and France has been taken into consideration.

The International Garden Cities and Town Planning Association held an exhibition in April, 1915, in the University of London, School of Architecture, showing designs and models for continental reconstruction.

In France a law has been enacted allowing agricultural syndicates and co-operative associations a subvention up to one-third of the price of agricultural machinery bought for their members.

The French industrial journal *Le Bâtiment* proposes the formation of an industrial federation to co-operate with the government in rebuilding after the war. The government is asked to make an inventory of all French resources so as to estimate the necessary imports. It is asked that the investigation include railway material, machinery, buildings, and all industrial materials.

The Government of France is said to have approached British Columbian lumbermen with a view to obtaining prices for the supply of 500,000,000 ft. of lumber for the rebuilding of approximately 100,000 homes in France.

No official action so far has been taken, but it is expected that American banks will be approached by Belgian and French cities to supply part of the capital necessary for rebuilding. Loans of that character have already been given by American banking houses to Paris, Lyons, Bordeaux and Marseilles.

WESTERN THEATRE OF WAR—BELGIUM AND THE FRENCH TERRITORY

RURAL PROPERTY

The destruction of private dwellings is large, especially in the rural districts where fighting has taken place. Inspection of a number of photographs of destroyed villages shows, however, that even in villages which have been under fire much is left that can be used in rebuilding. Foundations, in many cases, have remained intact. In Belgium and France houses in the villages are built on different principles than prevail in the United States. The buildings consist in most cases of a frame of wooden beams, the intermittent spaces being filled in with a mixture of broken stones and clay bound with straw. The roofs are covered with fire-brick shingles. Weather proof paint is used. The more modern buildings are as a rule constructed on the same principle, using bricks for the filling of the spaces between the beams. Slate shingles are used frequently instead of fire-brick shingles. In France older farm buildings were of heavy stone walls with so called French windows opening sideways. As a rule the materials for houses were obtained from nearby sources. Quarries throughout North-eastern France and Belgium supply a good stone for building foundations and the slate quarries produce the shingles used. Brickmaking is a widely distributed local industry.

The destruction of farm implements and machinery in North-eastern France is said to be large. The same is the case in Belgium.

ROADS

The roads of Northern France and Belgium are macadam roads having tarred surfaces in a few cases. Roads were destroyed frequently by the retiring troops, and have been seriously damaged by

heavy gun fire and excessive use. In many cases the lower foundations may be found practically useless and require entire renewal.

Upkeep of the roads is the duty of municipalities in Belgium and France, done usually on a community basis under authority of road inspectors. Road renewal and repair will form a heavy item in the annual budgets of the smaller villages. Road building materials are mostly found in the local quarries. Modern asphalt highways are found only in the cities, most villages being satisfied with flag and cobblestones.

BRIDGES

Many bridges were destroyed. After the entrance of the German troops in Belgian territory the Belgians blew up a number of the most important road bridges, and several important railway bridges were destroyed for military reasons. In France the retreating French troops also blew up bridges, while those which were left were destroyed by the Germans during their retreat after the battle on the Marne. The destruction of bridges can be regarded as complete in every fighting zone. Their rebuilding will be a heavy item in reconstruction. The bridges destroyed were in most cases iron bridges built on the same principles as those in use in America.

RAILWAYS

When the Germans entered Belgium and North-eastern France they found much railway material and locomotives. Railroad tracks were partly destroyed. All has been repaired for the use of the army and the civil population. The great use to which the Belgian and French railroads were put for military purposes has made it necessary to keep that material efficient, but the copper and brass fittings of the locomotives have been removed to relieve the shortage of those materials in Germany. The actual loss of railroad material both in roads and in rolling stock most likely will be very large.

INDUSTRIAL PROPERTY

Damage to industrial plants is heavy in cities which have been under bombardment. Generally, however, it seems to be much smaller than could be expected considering the danger to which the high structures and buildings were often exposed. The greatest enemy of industrial property has not been military operation but rather the enforced idleness of machinery and buildings. In several cases mines have been flooded. Mining machinery and buildings

suffered where fighting took place. The damage from the latter, however, is not very large.

The furnaces of the big iron smelters were damaged by gun fire in several cases.

INDUSTRIAL CHARACTER OF PRINCIPAL CITIES WHICH EITHER WERE DESTROYED OR HAVE SUFFERED THROUGH THE WAR

The districts where fighting has been going on in Belgium and in North-eastern France constitute one of the most important industrial parts of Europe. They contain large coal and iron mines. The steel works of Longwy, Micheville, Pont a Mousson, Senelle-Maubeuge, are amongst the most important of France. Homecourt, Saint Chamond, Assailly, Montlucon, all industrial centres, were in the fighting line.

Of the smelting furnaces of Belgium 29 are lying in the Henne-gau, 23 near Liège, 7 in the province Luxemburg. Belgium extinguished the fires of her furnaces at the end of July, 1914.

INDUSTRIAL CITIES OF NORTH-EASTERN FRANCE SUFFERING FROM THE WAR

Arras.—(Chemical industries.)

Bapaume.—(Textile.)

Douai.—(Glass and textile.)

Lille.—(Cotton and linen industry, silk spinning and weaving, nail making, chain making, small iron ware manufacture.)

Loos.—(Textile.)

Maubeuge.—(Furnaces and iron industry, quarries.)

Neuve Chapelle.—(Spinning.)

Rathel.—(Woolen weaving.)

Rheims.—(Woolen industry, champagne industry, machine and machine tools, tools, general textile.)

Senlis.—(Rifle making and paper.)

Soissons.—(Ceramic industry, iron smelting and foundries, canning.)

INDUSTRIAL CITIES OF BELGIUM WHICH HAVE SUFFERED FROM THE WAR

Aershot.—(Laces.)

Alost.—(Textile.)

Andenne.—(Ceramics and coal mining.)

Antwerp.—(Large industrial and commercial centre.)

- Charleroi.—(Coal mining, iron foundries, smelting.)
Diest.—(Textile.)
Dinant.—(Cotton goods, copper ware, iron hollow ware.)
Hasselt.—(Textile.)
Huy.—(Paper, machines, iron foundries, iron and coal mines.)
Liège.—(Surrounded by coal mines and iron smelting industries, copper foundries, machinery industry, guns, ammunition, textiles. Has large arsenal making heavy armament, rifles, etc.)
Louvain.—(Laces, paper, dyeing, dyes and colors.)
Namur.—(Iron foundries, cutlery, textiles, machine building, wire works.)
Verviers.—(Machines, textiles, copper ware, iron foundries, chemicals.)
Visé.—(Tanning, quarries, knit goods.)
Ypres.—(Dyeing, tanning, and leather industry.)

RAW MATERIALS

The destruction of stocks of raw materials is very extensive. Not only have large stocks been destroyed to prevent their falling into the hands of the invading armies, but also the bombardment of cities has been responsible for great losses.

Germany removed part of the machine equipment of certain Belgian and French manufactories to Germany during 1915 to obtain certain raw materials, like copper, or to furnish German plants with additional machinery.

It is impossible to make even a general estimate of the value and number of machines taken away in this way from the two countries. It is assumed that the order applied especially to machines containing copper, nickel, and other rare metals. This would mean among others electrical machinery and motors.

According to the *New York Times* of March 6th, 1915, the Federation of Belgian Sheet and Iron Manufacturers protested against the seizure of \$3,000,000 worth of machinery in Belgium and their removal to Germany. Also raw materials were seized. The same paper reports under September 15, 1915, a protest of the Belgian Government against Germany removing part of railway tracks in Belgium for use in Poland.

OFFICIAL EVIDENCE OF DESTRUCTION

The German government has made an official report on the destruction of property in Belgium and Northern France. This report,

however, is not obtainable in this country. A report made by a French commission and contained in the *New York Journal of Commerce* of December 22, 1916, says as follows:

"The investigation was carried out in the following departments: Nord, Pas de Calais, Somme, Oise, Seine et Marne, Aisne, Ardennes, Marne, Meuse, Meurthe et Moselles, Vosges, that is to say, in 790 communes to which the inhabitants have returned. From the operations were perforce excluded 250 evacuated communes in the army zone of 2,500 communes still in the occupation of the enemy. The figures are as follows:

"Total masonry destroyed 4,680,000 cubic yards, stone 2,080,000 cubic yards, bricks 543,000,000, lime 297,000 tons, sand 1,343,000 cubic yards, copper-work 513,500 cubic yards, timber 591,500 cubic yards; joinery 195,000 cubic yards; iron frame work 27,300 tons; bolts, locks, etc., 5,000 tons; tiles 91,000,000; slates 32,700,000.

UNOFFICIAL EVIDENCE OF DESTRUCTION AND OTHER INFORMATION COLLECTED FROM GERMAN SOURCES

Under German occupation were: the whole of Belgium with the exception of a small part in the Northwest; of French territory the following departments: Ardennes 100 per cent., Meurthe et Moselle 25 per cent., Aisne 55 per cent., Maas 30 per cent., Marne 12 per cent., Nord 70 per cent., Cise 10 per cent., Pas de Calais 25 per cent., Somme 16 per cent., Vosge 2 per cent.

In North-eastern France there are smelting furnaces in territory under German occupation. The mines and furnaces have suffered little from gun fire. The furnaces, ovens and plants in Longwy, Mont St. Martin, and Rohon are practically sound, only a few shots reaching them. In French Lorraine most of the damage done is already repaired. Repairs have also been made in Northern France. In all cases the pumping stations are working. Only the mines of Pierremont, Amermont and Murville have been drowned.

(From various reports in *Stahl und Eisen*.)

Destruction in Belgium: Battice burnt, Verviers unhurt, Tirlemont practically unhurt, bridges in the valley of the Meuse destroyed, no manufacturing plants destroyed in the Charleroi district, Maubeuge considerably damaged, Dinant totally destroyed, large part of Andenne destroyed.

Middelkerke destroyed by bombardment, Ypres very much damaged, Antwerp damaged but not seriously affected. Louvain, streets to railway burnt by fire and damaged by gun fire. Houses around market place and library destroyed. Part of city burnt down. Total damage approximately one-fourth of city. Work in the Belgian armament plant at Herstal rests; the machines have been removed to Germany. The large Cockerill works at Seraing near Liège are partly in operation. (From other German sources.)

FROM ENGLISH SOURCES

In Belgium

Bridges of Meuse blown up and Trois Ponts tunnel destroyed, bridges near Visé destroyed. Germans entered Visé after heavy firing. Liège damaged by gun fire. Fighting in early days of war at St. Troud, Osmael, Guxenhoven, Hassell, Haelen, Diest, Cortenaeken. Louvain and Herrent destroyed by fire. Dinant destroyed by fire. Argenteau burnt. Streets destroyed at Huy. Louveigne and Bar-le-Duc totally destroyed. Verviers largely burnt. Namur and Maline suffered heavily. Aershot suffered heavily. Termonde destroyed. Alost burnt. Dixmude, Nieuport, Ramscaello ruined.

In France

Lille suffered heavily by bombardment, 882 buildings destroyed, 1,500 damaged, Rheims bombarded, Maubeuge bombarded, Soissons bombarded, bridges destroyed at Venizel and Missy, Rathel destroyed, Senlis destroyed. Near Douay several manufacturing plants were burned. Arras suffered heavily from bombardment, Bapaume destroyed, Neuve Chapelle bombarded, Messine bombarded, Festubert and La Bassée destroyed. Many villages around Rheims suffered heavily. Bethune suffered heavily.

(Taken from several reports of the *London Times*.)

Also from the same paper:

August 5, 1915. In a special report dealing with the conditions of North-eastern France the destruction of villages and homes in the territory fought over is called complete.

November 1, 1915. The Marne-Meuse district from Rheims to Bar-le-Duc suffered especially heavily. Destruction is great around Nancy. Nancy itself escaped. Many bridges are broken in that part of France.

April 20, 1916. In French Lorraine 50 villages have been destroyed.

FROM AMERICAN SOURCES

The U. S. Consul at Rheims, Mr. William Bardel, reported under March 1, 1916, that the second bombardment caused the champagne trade most serious damage in properties over their cellars; but adds that the cellars remained intact. The wool industry lost also heavily in warehouses and offices, and much stock was lost. Two large wool-combing establishments are in ruins. Seven food dispensing firms had their plants and warehouses seriously damaged. From their 450 stores hardly one is intact, and more than one hundred have been destroyed. Many other stores are totally destroyed.

The New York *Times* on Sept. 24, 1914, stated that the loss of the spinners in Rheims was estimated at \$1,000,000.

The same paper reports under February 13, 1915, on the authority of the Commerce reports that the beet sugar factories at Wanza, Huy and Tirlemont in Belgium are at work.

ESTIMATE OF FINANCIAL VALUE OF LOSS

Several attempts have been made to estimate the financial loss caused by the war in Belgium and North-eastern France. These estimates were mostly made in the early part of the war.

During February, 1915, the Central Committee for the Agricultural Restoration of Belgium and North-eastern France in London estimated the total loss of agriculture in Belgium at \$280,000,000, of which \$150,000,000 were lost in crops and stock. The loss of France was estimated to be approximately the same.

The French Government during March, 1915, estimated the approximative destruction of farmhouse property with more than 100,000 houses without however giving a value.

An article in *The Americas* of July, 1916, stated: "Henri Mason of Brussels estimates the total loss of Belgium in buildings, equipment, stores and loss of trade with \$1,060,288,000. Billiard in "La Belgique Industrielle et Commercial de Demain" of December 15, 1914, states the loss of Belgium at \$5,000,000,000.

A German economist gives \$1,026,567,000 as the probable loss of Belgium.

Later, according to *The Americas*, the Belgian estimate rose to \$1,200,000,000 loss for Belgium.

The French authorities have given \$2,500,000,000 as the probable loss of France, while German authorities have figured the value of destroyed buildings to be \$130,000,000.

The *Americas* estimates \$2,825,000,000 as the probable industrial loss of Belgium and France in consequence of the war.

Using these figures as a basis and allowing also for losses of agricultural, governmental and city property, a grand total of \$3,735,000,000 is obtained.

	Belgium	France	Total
Buildings	\$200,000,000	\$150,000,000	\$350,000,000
Industrial Machinery	800,000,000	550,000,000	1,350,000,000
Agricultural Buildings & Dwellings	100,000,000	100,000,000	200,000,000
Agricultural Implements, Machinery, etc.	30,000,000	30,000,000	60,000,000
Crops, Live Stock, etc....	125,000,000	175,000,000	300,000,000
Industrial raw materials and ready stocks.....	525,000,000	375,000,000	900,000,000
Railroads	125,000,000	100,000,000	225,000,000
Government property, bridges and roads	75,000,000	125,000,000	200,000,000
Private & public city property not included	75,000,000	75,000,000	150,000,000
	<u>\$2,055,000,000</u>	<u>\$1,680,000,000</u>	<u>\$3,735,000,000</u>

The loss of machinery approximatively may be distributed amongst the different industrial groups as follows:

	France	Belgium
Mining	\$120,000,000	\$180,000,000
Iron and Metal Industry.....	145,000,000	220,000,000
Food Industries.....	42,000,000	10,000,000
Chemical Industry.....	20,000,000	20,000,000
Textile Industry.....	141,000,000	190,000,000
Electrical Industry.....	50,000,000	130,000,000
Wood Working and Furniture.....	23,000,000	35,000,000
Paper Making.....	9,000,000	15,000,000
	<u>\$550,000,000</u>	<u>\$800,000,000</u>

PROBABLE IMMEDIATE NEEDS

To start again the industries in the occupied territory it will be necessary to rebuild destroyed plants, to equip them with machinery and to supply raw materials. There has been a considerable lack of industrial labor in the French occupied territory since the occupation. The reservists in North-eastern France have joined the colors, and the actual fighting has driven away a considerable part of the population which either has retreated with the French army or has been removed by the Germans from the territory under military control. It is therefore not unlikely that the French industry in North-eastern France after the war will have considerable difficulty to obtain suffi-

cient labor. This will lengthen the time between the war's end and the restoration of industrial activity.

Industries can not at peace return at once to full operation. Reopening of manufacturing plants will be gradual. Neither France nor Belgium will require at once all the raw materials, machinery and industrial buildings to be replaced. Conditions will be somewhat different in agricultural districts where production has been continued. Fields must be worked immediately the owners return. Agricultural machinery, seeds and building material will be in immediate demand. After the Balkan war it took approximately one year to rebuild destroyed villages. It will require longer in France and Belgium because of labor losses not replaceable from neighboring states. Fifty per cent. of the agricultural buildings should be finished during the first year. Agricultural machinery will have to be replaced at once. The type of the machinery first needed will depend upon the season of the year when the armies are mustered out. Ploughs of all descriptions should dominate in the first orders. The immediate demand for building material for cottages and farm buildings should reach a value of approximately \$100,000,000, while \$40,000,000 should buy the agricultural machinery for the two countries.

The rebuilding of industrial plants will occupy more time. A good many new industrial buildings in Northern France and Belgium may consist of temporary structures. The total expense for these structures will most likely not be larger than one third of the total value of the former buildings and \$65,000,000 for Belgium, and \$50,000,000 for France should be sufficient to help the two countries over the first period after the war as far as building material and cost of construction are concerned. The same percentage possibly will apply to industrial machinery with the exception, however, that most likely the items for electrical machinery and construction will be heavier. Not only has electrical material suffered more in consequence of seizure of copper by Germany, but delicate electrical machinery deteriorates more rapidly than the less complicated machines of other industries. Cable lines may have to be relaid entirely. The greater use which will be made in both countries of electrical motive power for agricultural and industrial purposes will necessitate equipment even more extensive than formerly. The entire electrical equipment destroyed may have to be replaced at once after the war. The immediate needs of the two countries during the first year after the war may be as follows:

	Belgium	France
Agricultural Buildings	\$50,000,000	\$50,000,000
“ Machinery	20,000,000	20,000,000
Industrial Buildings	65,000,000	50,000,000
Mining Machinery	60,000,000	40,000,000
Iron Industry Machinery	70,000,000	50,000,000
Food Making Machines	3,000,000	10,000,000
Chemical Machinery	6,000,000	6,000,000
Textile Machinery	65,000,000	50,000,000
Electrical Machinery & Equipment.....	130,000,000	50,000,000
Wood Working Machines	20,000,000	18,000,000
Paper Making Machinery	5,000,000	3,000,000

The same applied to railroads, to ordinary roads, bridges and to other government property of which at least two thirds will have to be placed in working order as soon as possible after the war would cost \$175,000,000 in Belgium and \$300,000,000 in France.

EFFECT OF REBUILDING REQUIREMENTS ON THE FOREIGN TRADE OF FRANCE AND BELGIUM

BUILDING MATERIAL

Both France and Belgium will scarcely be able to manufacture all they need for rebuilding purposes, neither can they import everything. Slates, bricks and mineral builders supplies can be supplied locally. France may see herself compelled to buy from abroad approximately three quarters of the timber required for rebuilding, while practically all wanted by Belgium will have to be imported. Glass for windows also will have to be imported, but Belgium will be able to supply a very large part of the glass herself, as soon as her glass works have again been put into operation.

The machinery item is a very heavy one, and it is only too obvious that both countries will try to supply themselves as much as possible of the machinery required. On the other hand the demand for machinery is urgent. The various industries can not be set going without machines and other equipment, and the acquisition of machinery is therefore one of the most essential steps.

INDUSTRIAL EQUIPMENT

According to German reports 50 per cent. of the industries of Belgium are at work a part of the time. It is impossible to say how much these industries produce and whether their production can be used for the Belgium industry after the war. It may be

possible to utilize at least 50 per cent. of the Belgium industry for the supply of the new machines and other articles needed. Nevertheless Belgium may be compelled to import about \$100,000,000 to \$120,000,000 worth of industrial machinery, approximately six times as much as her highest import during one year before the war.

France is better able to take care of her ruined industries and villages in the North than Belgium. A large percentage of French industry lies in present occupied territory. That in other parts has been greatly increased since the beginning of the war. France has bought much machinery in this country during the last two years and gradually replaced equipment in certain factories. Many of these machines finally will go to North France. It is therefore likely that France will be able to replace three quarters of the destroyed machinery either by their own production or by using machines imported during the war. This would mean an outlay of about \$60,000,000 abroad.

RAW MATERIALS

France has been able to supply herself from abroad with at least part of her usual needs, which, however, should have been large enough for her purposes. There must be in the unoccupied territory a floating stock of raw materials which exists in each country. A large percentage of her most active industries buying foreign raw materials, especially cotton and wool, are lying, however, in the occupied territory. Of these stocks most likely not much will be left.

In Belgium raw materials will be soon entirely consumed. Stocks were short during the last summer and as no renewal has taken place it is likely that not much floating stock of any sort will be left in the kingdom when peace returns. The re-stocking of the warehouses with raw materials of all descriptions therefore is essential for the return of industrial activity. Belgium will have to buy her supply not only for at least one year, but also a sufficient reserve stock must be laid in.

The provisioning of the war territory will prove probably the most serious of the post-bellum problems. For six months a considerable shortage of foodstuffs in the parts of Western Europe now under German occupation may be expected. We know how little food is left in Germany, and the countries held by Germany have been suffering with their conqueror. A certain time must pass until new crops can be reaped, during which nations will have

to be partly fed on supplies from outside. Taking the curtailment of the output of the Belgian agriculture at approximately one fourth, this would mean a shortage of 2,000,000 cwt. of wheat, 500,000 cwt. of barley, 2,500,000 cwt. of oats, 2,500,000 of rye, and 1,000,000 cwt. of potatoes. In France the shortage most likely will be just as large; the loss, however, will not be felt as heavily, the most fertile parts of France lying in unoccupied territories. Nevertheless also France will have to import considerably more foodstuffs after the war than before. The imports of the leading manufactures, raw materials and foodstuffs into Belgium and France before the war were as follows:

	France (1914)	Belgium (1913)
Building wood	\$238,000,000	\$24,901,000
Machinery	43,200,000	21,407,000
Lead	—	5,813,000
Pig iron	—	8,665,000
Copper	28,300,000	8,406,000
Petroleum	24,600,000	8,421,000
Chemical products	21,680,000	28,319,000
Wool	18,800,000	82,039,000
Cotton	67,000,000	42,084,000
Rubber	14,000,000	29,047,000
Hides	35,300,000	37,831,000
Coal	86,500,000	32,391,000
Wheat	—	78,637,000
Seeds	—	34,545,000
Cereals	131,000,000	—

THE EASTERN THEATRE OF WAR AND GERMANY

GERMANY

Germany has not been invaded to such an extent as France and Belgium. Destruction following military operations took place only in a small part of Alsace-Lorraine and in Eastern Prussia. The destruction in Alsace-Lorraine was small and will be repaired easily. Eastern Prussia suffered more heavily during the first months of the war when heavy fighting took place and much property was destroyed by the first invading and then retreating enemy army. The industrial loss of Eastern Prussia is not of sufficient importance to affect seriously the productive capacity of Germany. The agricultural population has been more seriously injured. Many villages have been destroyed completely, others damaged. Heavy damage was inflicted upon bridges, roads and governmental property, including railroads.

Germany has repaired a great part of the damage. No material influence on the German imports after the war is ex-

pected to result from this work. Germany, however, has suffered during the war economically in a different way from that of the allied nations. She and her allies have been cut off from the world's market. As Germany was dependent for many of her raw materials from foreign supplies the result of the interruption of her foreign trade is a nearly complete exhaustion of her stocks of all those raw materials which had to be imported.

The same applies also to foodstuffs.

Germany may not resume her former export trade at once. So it is possible that she will not need to buy as many raw materials for manufacturing purposes as she would under ordinary circumstances. On the other hand, the country is in urgent need of raw materials for the supply of the internal needs of the population. Germany during the first year after the war may be compelled to double her former orders for all those supplies which are indispensable for her industries and the feeding of her population. Taking into consideration the economic situation of Germany of today the German demand for all these products should be approximately as follows:

Average Before the War		Estimated Demand First Year
		After the War
Cotton	\$150,000,000	double
Wheat	100,000,000	double
Wool	100,000,000	double
Barley	100,000,000	150,000,000
Copper	80,000,000	double or more
Skins and hides...	75,000,000	double
Iron ore	60,000,000	same
Coffee	50,000,000	75,000,000
Coal	50,000,000	less
Nitrate	45,000,000	double
Silk	40,000,000	same
Rubber	40,000,000	double or more
Lard	35,000,000	double
Linseed	25,000,000	double
Oil cake	25,000,000	same
Rice	25,000,000	double

With regard to machinery and industrial materials opinion differs. Much machinery has been destroyed either by being overworked during a period of excessive economic pressure or by dismantling so as to extract essential raw materials. Copper has been taken from the locomotives and electrical machinery, which Germany must replace in order to resume industrial progress. Germany is an industrially highly developed country. She can make nearly all machinery used in her industries. Therefore she may be expected to buy only what is necessary, but she will give machinery preference

before any other industrial product, as by the possession of machinery she will be enabled to produce a greater proportion of the industrial goods formerly imported. The yearly bill paid by Germany for imported machinery was approximately \$30,000,000. It is most likely that after the war it will have to be doubled.

AUSTRIA-HUNGARY

The position of Austria-Hungary with regards to foodstuffs and imported raw materials is similar to Germany's. What has been said of that country applies consequently to her ally.

Austria imported before the war goods valued at approximately \$700,000,000 per annum. Her demand after the conclusion of peace may be somewhat more. The likely increases will be as follows:

	Before the War (1913)	Expected Demand 1st Year After the War
Cotton	\$67,211,000	\$90,000,000
Coal	52,565,000	same
Corn	17,600,000	34,000,000
Coffee	25,000,000	50,000,000
Wheat	500,000	20,000,000

	Before the War (1913)	Expected Demand 1st Year After the War
Wool	28,291,000	40,000,000
Rice	7,000,000	10,000,000
Eggs	13,700,000	—
Copper	13,000,000	26,000,000
Flax, Hemp, etc.	17,140,000	30,000,000
Hides	23,100,000	40,000,000

Large parts of Austria-Hungary have been under Russian occupation, and a smaller part is still held by Russia. There are mines for coal, iron, lead, and zinc. Galicia holds one of the largest oil fields of South-eastern Europe. The industries are varied. The territory itself has little over 30,000 square miles with near 9,000,000 inhabitants. Its agricultural value is higher than that of the occupied territory of France, but it is not as well worked and industrially it is less important than the more active industrial districts of both France and Belgium.

The retiring Russians and Austrians in turn have levelled villages and destroyed crops. The oil fields appear to have suffered heavily. No official estimate of the loss has been made known so far but \$175,000,000 should be about sufficient to pay this country for the destruction of agricultural property and machines. The loss of the oil fields, mines, and industry is approximated at \$300,000,000.

Railroad property will be less than that in the western theatre of war, and \$150,000,000 is estimated for replacement of rolling stocks and tracks, government property (outside military property), bridges, roads, etc. In consequence of the close fighting, destruction of private property in cities and industrial buildings in cities may be very large.

Austria further claims very heavy losses in stocks of oil, raw materials and crops, which, however, can not be replaced and therefore do not enter the present enquiry.

The heaviest item is due to destruction of oil well and mining machinery. Some repairs have been made since the Austrians returned to the territory.

Before the war Austria in co-operation with Hungary has provided most of the mining and industrial machinery she needed. The annual importation approximated \$20,000,000.

THE AUSTRO-ITALIAN TERRITORY

Fighting in this part of Europe was limited to a practically small strip of land without important cities. Property loss consists mainly of agricultural dwellings. Only Goriza is said to have suffered heavily from the bombardment by the Italians.

RUSSIAN POLAND

The most important field of destruction of the Eastern theatre of war is doubtless Poland. Not only the loss of farm property has been very large in the kingdom, but the retiring Russians have depleted the country of the industrial machinery so as to make it impossible for the invading Germans to use it. Roads have been destroyed. All the important bridges ruined were iron. No rebuilding on a large scale has taken place. Railway material has also been damaged very heavily. Also raw materials, animals and food-stuffs have been destroyed or removed.

Poland is a country of approximately 13,000,000 inhabitants and a territory of 43,000 square miles. To the territory of Poland that of the Russian provinces of Courland, Kovno, Vilna, and Grodno must be added with 55,000 square miles and a population of 7,000,000 where fighting has been savage and still continues. The loss of buildings consists mostly of farm property. The houses in the villages of Poland and Western Russia are rarely built as well as those in Western Europe. Therefore the actual loss in buildings in comparison will be lower; \$300,000,000 will possibly

be sufficient to rebuild all that is destroyed in farm property in those territories.

The loss of Polish industrial property will be large. Poland has several important industrial centres of which only Warsaw and Lodz may be mentioned. The other Russian provinces under enemy occupation have cities of industrial and economic importance. The industrial loss in some of these cities is estimated at more than 50 per cent. of all available machinery. On the other hand, it is said that the loss of industrial buildings is not so large, the Russians and Germans having been satisfied with a removal or destruction of the machinery.

Estimating the total value of the machinery in use in Russian Poland and the occupied provinces before the war with \$300,000,000 this would mean that approximately \$150,000,000 worth would have to be replaced.

A careful estimate of the loss of Poland and the occupied Russian provinces by the war on the lines of the estimate for Belgium gives the following result.

Private dwellings, agricultural buildings and machinery	\$300,000,000
Industrial buildings and machinery.....	225,000,000
Industrial raw materials and stocks.....	200,000,000
Railroads, government and public property.....	150,000,000
	\$875,000,000

These figures are borne out by Russian estimates which value the total and immediate requirements of Russia for rebuilding purposes at \$600,000,000.

Russia has been a very heavy buyer of industrial machinery of all kind in the United States. Her total import of machinery seems, however, to be less than usual. Most of the new machinery has gone into other parts of Russia; nothing can be spared for Poland. Russia herself manufactures little machinery, at least all the more complicated machines are imported, therefore the bulk of the Polish machinery business will have to go abroad. The increase in the imports of machinery into Russia and Poland should therefore be heavy.

During the war Russian imports of industrial raw materials have decreased. Industry has worked for army purposes, and the general industrial production of the country appears sub-normal. With the resumption of business Russia will have to import not only for immediate demand but also for re-stocking. The situation is best explained by the following statistical showing of Russia's

normal demand for foodstuffs, raw materials and industrial products imported during the year 1913, the average import during 1914 and 1915.

	1913	Average 1914-15
Foodstuffs	\$83,000,000	\$50,000,000
Leather, hides	28,500,000	21,000,000
Timber, wooden ware	24,900,000	10,000,000
Coal, coke, etc.....	43,400,000	16,000,000
India rubber	21,000,000	15,000,000
Chemicals	13,000,000	15,000,000
Raw metals	26,000,000	34,500,000
Machinery	81,500,000	42,000,000
Cotton	50,000,000	32,000,000
Silk	13,500,000	7,500,000
Wool	26,500,000	12,000,000
Cotton goods	25,000,000	22,000,000

THE BALKAN STATES

Little is known here of conditions in the Balkan States. This territory has been fought over not only during the present war but has also seen violent and protracted fighting during the last two Balkan wars. It is said that the cities have suffered less in the Balkan territory as fighting has mostly passed them. Belgrade was bombarded by the Austrians during the first weeks of the war. Several other cities have been shelled. Small villages and hamlets of the Balkans rarely have escaped gun fire. On the other hand, rebuilding is easy, and a good many homesteads may have been already reconstructed.

After the first Balkan war Turkey undertook to rebuild several of the villages. In this case it was planned to reconstruct on a modern scale entire villages, equip farms with all necessary implements and sell the homesteads to the returning peasants at a low price payable in small instalments.

The present area of destruction runs through Servia, Montenegro, Albania, reaching the coast near Saloniki. The country in question has a population of approximately 8,000,000 inhabitants living mostly from agriculture. The total repairable loss in the southern Balkans may reach about \$200,000,000.

In Rumania fighting has swept the whole country. It is still not quite clear whether the retiring armies have been able to destroy the manufacturing plants and the machine equipment. The loss of agricultural property of course will be large. News of the Roumanian oil fields is contradicting. While from Roumania it was reported that the Roumanian troops had left the oil wells intact English reports say that they have been destroyed.

REPORT OF THE AMERICAN INDUSTRIAL COMMISSION TO FRANCE

A careful effort to further Franco-American trade relations was made by the American Industrial Commission to France, organized under the auspices of The American Manufacturers Export Association, which spent the months of September and October, 1916, investigating present industrial conditions and making a survey of the devastated sections in France.

While the work of the Commission was unofficial, it had the sanction of the two governments, and industrial data and information of a comprehensive nature have been obtained and compiled and issued as the Report of the Commission. The Report, well illustrated, covers over 200 pages of text and a dozen important maps.

Among the subjects treated in the twenty-six chapters are: Trade; Industry and Plant Construction; Industrial Machinery; Agriculture and Agricultural Machinery; Labor; Syndicates and Co-operative Societies; Chambers and Courts of Commerce; Sea-ports and Shipping; Transportation by Canals, Railways and Highways; Water Power and Electricity; Mining and Metallurgy; Coal; Chemicals; Alcohol; Social Welfare; City Planning; Hotels and Hotel Industry; Education; Devastated Regions; Central Association for the Resumption of Activity in the Invaded Regions; Belgian Reconstruction; Bibliography; 5 Reports of American Chamber of Commerce; Summary and Conclusions.

HURRIED REHABILITATION

The report emphasizes the fact that Europe will have before it, when the war ends, a hurried rehabilitation of demoralized and crippled industries. The war area in France and Belgium alone comprises 19,595 square miles, of which a large part is a district of almost continuous manufacturing communities. Towns to be rebuilt, agriculture and live-stock production to be restored, and an extensive industrial and social reconstruction everywhere in France made known to the Commission indicates a demand on American resources which will tax them to their utmost to make recent war orders pale into insignificance.

To quote from the report:

"America must become an important factor in European reconstruction after the war, and whatever tends to throw light on the

specific needs of one nation cannot fail to call attention to the similar needs of all.

"The rehabilitation of the devastated regions of France will be carried out quickly and thoroughly when peace permits. The Commission was profoundly impressed with the systematic and purposeful preparations that are now being completed for solving this great constructive problem. The most far-reaching cooperation of American industries is desired."

ECONOMIC ALLIANCES

The Economic Alliance of the Entente Powers, agreed upon at the Paris Economic Conference, June 14-17, 1916, and the discussion of a similar alliance among the Central Powers reveal a disposition to substitute a system of trade preferences for the most-favored-nation relation upon which the commercial intercourse of Europe rested prior to the war. This relationship dominated the commerce of the world, into which, by virtue of its most-favored-nation treaty relations with the great commercial and industrial nations, the United States fitted to the great advantage, profit and prosperity of the American people.

A significant political and commercial grouping has occurred among the neutrals Denmark, Norway and Sweden, who have, at least informally, invited the collaboration of the United States in the common interest of all neutrals during the war. They have also discussed the necessity of common action after the war.

The question with which the National Foreign Trade Council, as a body created to study, in a non-political and non-partisan manner, problems arising in foreign commerce and to encourage the development of a sound national foreign trade policy, is concerned, is the effect upon the United States of inevitable readjustments of policy.

Some authorities contend that the commercial preferences implied in the Paris resolutions are impractical, that they will flatten under pressure of the commercial dependence of European nations upon each other, including their enemies. This may be true of the distant future, but the present fact is that two European economic alliances *already* have been created, for the war abrogated the most-favored-nation relation between the powers which are now enemies. Commercial intercourse between them is forbidden and prevented by arms. The Paris resolutions relate to economic policy during the war, during the "reconstruction period" and to permanent policy

after the war. With the first-named, in which the blacklist figures, it is not the province of this pamphlet to deal.

MEASURES AFTER WAR

The Paris resolutions declare: "The Allies agree that the benefit of this treatment (most-favored-nation) will not be granted to those (enemy) powers during a number of years to be fixed by mutual agreement."

How far will "war after war" obtain?

Since the United States, in the last normal year before the war, (1913) sent 77.61 per cent. of its exports to the belligerent countries and their colonies, and derived from them 72.83 per cent. of its imports, any sweeping change of tariff, navigation or financial policy on the part of either group of Allies, and particularly upon the part of the Entente Allies, may seriously affect the domestic prosperity of the United States, in which foreign trade is a vital element. To British countries alone went half the total value of United States exports and from them were derived one-third the imports. The excess of exports over imports in the two fiscal years ended June 30, 1916 (22 months of which were occupied by war) gave the United States a favorable trade balance of \$3,230,133,362. Since the European governments were unable to pay for these purchases in merchandise, they have surrendered gold until the gold reserve in the United States has far exceeded all records and supports a structure of domestic and foreign credit unprecedented in the world's history.

The recovery of a portion of this gold reserve is essential to the restoration of European prosperity after the war, and this would logically seem to be one effect of the economic alliances now being devised and the plans being laid for a more intensive competition which will bring back the trade which, by the curtailment of European production and competition, has given American merchandise a greater access to European markets and a larger share of the trade of neutral countries. A violent reversal of the flow of gold would rudely disturb the structure of domestic bank credits reared upon it. The primary safeguard must be a stimulation of exports of the merchandise required in peace to take the place of the abnormal demand and prices for munitions and an abnormal export of other articles. A diminution of our present inflated export trade is inevitable, but the danger is that European co-operation and trade preferences

may be carried so far as artificially to restrain American foreign trade and carry it below our normal equity in world commerce.

The economic deterrent to such a result is the usefulness and value of the United States as a source of supply to and customer of the nations of both alliances. But it is yet impossible to perceive the relative weight of economics and real or fancied political expediency in the formulation of post-bellum commercial policies.

At the present moment the Paris resolutions present the thought of the Entente Allies in rather more specific form than is given the intention of the Central Powers in discussion of a "Mittel Europa." It will be noted that the Paris resolutions were based upon the premise "that the Central Powers are preparing today, in concert with their allies, a struggle in the economical domain which will not only survive the establishment of peace, but at that very moment will assume all its amplitude and all its intensity."

Within the Entente group the Russo-Japanese treaty of alliance signed July 3, while political in terms, is the capstone on a joint policy of commercial co-operation in the Far East, given greater trade significance by Japan's vast war exports to Russia.

POSSIBLE EFFECT UPON THE UNITED STATES

The foreign and domestic commerce of the United States for a century has increased in a world of relaxing trade restrictions. The increased influence of the United States in commerce, banking and shipping, accompanying the nation's transition from debtor to creditor, is the outstanding economic development of the war. Yet the United States is unmentioned in the resolutions, and neutrals only vaguely.

The permanent policy, toward which the Paris Conference looked, provided that the Allies "may, for example, have recourse to either enterprises subsidized and directed or controlled by the governments themselves, or to the granting of financial assistance for the encouragement of scientific and technical research and the development of national industries and resources, *or to customs duty or prohibitions of a temporary or permanent character or to a combination of these different methods.*" An immediate result was announced in the following news despatch:

"London, August 1.—The government will ask Parliament to sanction a state subsidy of £50,000 (about \$250,000) yearly for a decade to the newly formed British and

Italian Trading Corporation. Reginald McKenna, Chancellor of the Exchequer, announced this in the House of Commons. The corporation, which has a capital of £1,000,000, subscribed privately by banks, is for the purpose of assisting trade and commerce between Great Britain and Italy."

The permanent policy furthermore provides that "in order to permit the interchange of their products, the Allies undertake to adopt measures facilitating mutual trade relations, both by the establishment of direct and rapid land and sea transport service at low rates, and by the extension and improvement of postal, telegraphic and other communications." The foregoing, while qualified by a declaration that the joint policy shall "have regard to the principles which govern the economic policy of each country," obviously opens the way for preferential tariffs and possible departure from that most-favored-nation relation that exists throughout the world as regards shipping. Most nations now permit, except in certain coastwise commerce, the vessels of others to come and go on a basis of equality with their own.

If the members of either the Entente or the Central Economic Alliance seek by differential tariff duties to prefer each other and their respective colonies, a discrimination against the products of the United States will automatically be created.

If special shipping arrangements are carried so far as artificially to create lower rates for Allied than for neutral commerce, the parity of ocean freight charges to and from American ports as compared with to and from European ports, which has been one cause of toleration of American dependence upon foreign carriers, will be disturbed.

Whatever may be the result of the resolutions, evidence abounds that manufacturing enterprise in the Allied countries looks forward to preferential advantages in those countries which have shared the burdens of war. For instance, a co-operative export association has been formed in Canada, in the expectation that Canada will have unprecedented opportunities to secure a large volume of business from other portions of the British Empire, as well as from the other Allied countries and that "the products of Canada will be preferred against the products of her great neutral competitor, the United States, who has stayed outside of the war, and has borne no part in the great sacrifice of life and money made by the Allied countries."

The United Kingdom under normal conditions derives from the United States 17.62 per cent. of the foodstuffs it consumes as compared with 25.68 per cent. from countries of the British Empire, 8.83 per cent. from the Central Powers, and 56.70 per cent. from others, including, of course, Russia and Argentina. Now any reversion to the Chamberlain policy must mean, if it means anything, that the United Kingdom and the other Allies will seek to draw a greater proportion of foodstuffs from the Empire, and presumably from Russia, than from the United States. Where, then, will the United States' surplus crop be sold if the policy is designed to supply the allied food needs only from allied countries? The same is true of raw materials for manufactures. Under such conditions how will the United States, in whose exports foodstuffs and raw materials predominate, pay for purchases of manufactured goods from the Entente Allies? Will the American foodstuffs and raw materials then naturally be diverted to the Central Powers, thus creating a credit which Germany and Austria will find it easy to liquidate in manufactures exported to the United States?

What are the resources of the United States for any such fierce semi-political competition as the adoption of such a policy will usher in? Possession of vast natural wealth is an asset, but the one objective of any European policy, one purpose of which is permanently to keep the lead in foreign markets, might be to permit the Allies in some manner to:

1. Develop within the alliance all possible sources of raw materials;
2. Purchase as cheaply as possible, through co-operative buying, raw materials not available within the alliance;
3. Create, through tariff or shipping concessions or by subsidy-stimulation of export enterprise, a preference for allied manufactures over American manufactures in allied and neutral markets.

PREFERENCES WITH NEUTRAL MARKETS

With a tariff the United Kingdom will be in a position to claim concessions in neutral markets in return for continued free or favorable admission to the vast market of the British Isles. Latin-American countries enjoying free trade in the United Kingdom now have, as in the United States, little or nothing to gain from negotiation, but if the British Government and similarly other European governments, should demand tariff concessions for their manufac-

tures entering Latin-American countries, as the price of favorable treatment of Latin-American products, a serious obstacle would confront the ambition of the United States more largely to supply Latin-American needs in manufactured merchandise.

Of course, the European need of cheap foodstuffs and raw materials is a deterrent to the tariff taxation necessarily the basis for such reciprocity overtures.

TARIFF PREFERENCES IMPLY ABILITY TO NEGOTIATE

Will either the Entente or Central Economic Alliance continue to grant what really amounts to most-favored-nation treatment to the products of the United States? In other words, assuming the adoption of a tariff [for revenue or protection] in the United Kingdom, will the United Kingdom, France and Russia give the United States the same tariff treatment that they extend to each other and to their colonies, receiving in return no more favorable treatment than the United States accords German and Austrian products? Or will they make the price of a favorable entry into their own markets an exclusive concession under the American tariff? The same query applies to any economic alliance of the Central Powers.

NEW AMERICAN RESOURCES FOR RETALIATION

Appreciation of the necessity for retaliatory weapons if the majority of the great industrial nations should embark upon a policy of trade preferences and discriminations, is indicated in recent American legislation. The Administration Shipping Bill provides for the regulation of rates of all vessels, foreign as well as American, touching at American ports. The bill provides that the United States Shipping Board may disapprove, cancel or modify any agreement which it finds to be unjustly discriminatory "as between exporters from the United States and their foreign competitors, or to operate to the detriment of the commerce of the United States." The bill also gives the Shipping Board power to refuse clearance to any vessel refusing to take goods from firms blacklisted by any government.

The General Revenue Bill has a stringent anti-dumping provision rendering unlawful importation at a price substantially less than the actual market value or wholesale price in the countries of origin when imported or sold in the United States with the intent of destroying or injuring an industry in the United States, or of preventing the establishment of an industry. Another "unfair competition"

section of the same act imposes a double duty surtax upon any article imported under an agreement that the importer or any other person shall not use, purchase or deal in the articles of any other person, but the legitimate operation of exclusive agencies is exempted.

When the Revenue Bill came before the Senate it was amended by provisions empowering the President during any war in which the United States is not engaged to refuse clearance to United States or foreign vessels discriminating against American citizens or commerce, and to deny clearance to vessels of foreign belligerents which deny American citizens or commerce the same privileges accorded other countries. This was frankly directed against the British blacklist. Also, when American products are prohibited or restricted in entry into a belligerent country, the President was empowered to prohibit or restrict the entry of similar products from such belligerent; or if similar articles be not imported, such other articles as he deems necessary in the public interest.

The three provisions above enumerated are "enabling legislation" rather than mandatory legislation, for they vest discretion in the President.

Neither high nor low protectionists, nor revenue tariff advocates, will deny that the present American tariff is not a bargaining tariff, although it provides that the President, for the encouragement of foreign trade and other purposes, may negotiate commercial agreements, subject to the approval of Congress. The duties on manufactures were placed as low as radical prudence permitted and for purely domestic reasons, related to the cost of living, so many natural products and raw materials were free-listed that upwards of 60 per cent. of the total value of all imports now enter the United States duty free. Ninety-five per cent. of the imports from South America are already on the free list, and with exception of Cuba, the same proportion of imports from Central America; while 90 per cent. of the imports from Africa, 97 per cent. of those from Oceania and 79 per cent. of those from Asia pass our customs houses without yielding a cent of duty. The countries in these rapidly developing parts of the world have little to gain from negotiation with the United States, and since Europe is also a heavy customer and a source of capital they are doubly disinclined to accord the United States a concession not equally extended to Europe. The American tariff law is, therefore, in its present form, practically barren of resources either for concession or retaliation; but in

fairness it should be said that when the law was enacted, the foreign trade of the United States presented no such need for negotiation as promises to arise after the war. Its authors evidently contemplated future changes, for the law gave the President authority to negotiate commercial agreements "for the purpose of readjusting the present duties and, at the same time, to encourage the export trade."

DIFFICULTIES OF TREATY MAKING

Immediately the war ends, a period of commercial treaty readjustment will begin. More treaty making will be in progress in the five years after the declaration of peace than in any similar period of the world's history. The most-favored-nation relation which the European governments have permitted the United States to enjoy, despite frequent American tariff changes and the extension of American tariff preferences to Cuba and to the colonies acquired from Spain, may not easily escape jeopardy. Many of the treaties between the United States and European governments are ancient, with obsolete phraseology out of tune with modern expression of a new treaty system.

Even with no European disposition to discriminate, certain changes in these treaties will be inevitable if only to bring their provisions into harmony with the new agreements.

This renders highly important the United States treaty-making power. Their parliamentary system gives European governments a superior efficiency in treaty making as compared with the United States, where the treaties are negotiated by the Executive, subject to the ratification of the Senate by a two-thirds vote; and, in the case of agreements affecting the revenues, he must obtain the approval of the House of Representatives. The history of commercial treaties in the United States is marked by frequent senatorial disregard of the recommendations of the State Department. The Dingley Act provided that the President might negotiate reciprocity treaties for the encouragement of American foreign commerce. He did so. The Senate declined to act upon them.

The State Department should immediately provide increased resources for study of the entire treaty situation. The education of American public opinion upon treaty legislation is necessary. The necessity of a two-thirds Senate vote for ratification requires that treaties hereafter be so drawn as to command general approval, a difficult task which can be accomplished only by the most careful consultation of public opinion prior to negotiation, the most skillful

handling of the American case in the exchanges, and convincing presentation of the facts to the public in order to command sentiment in favor of ratification and maintenance of the treaty obligation afterward. The report of the National Foreign Trade Council on "European Economic Alliances," November, 1916, deals with the American tariff system as affected by impending changes in European fiscal policy and the necessity of legislation establishing the legality of co-operation among exporters, but as these questions are to be dealt with in other addresses they are not here considered.

RESOURCES OF THE ALLIANCES

Broadly speaking, the Allied group consists of the United Kingdom, France, Belgium and Italy as manufacturing nations, Russia and the British Colonies as producers of raw materials (not largely exporting manufactures), and the United Kingdom itself as the greatest shipping, banking and foreign-investing, as well as a great manufacturing nation. In the Central group Germany is predominantly a manufacturing country, but also a producer of certain vital raw materials, such as potash and dye stuffs, and is likewise a first-class maritime power. Austria-Hungary supplements Germany's industry with large agricultural and natural resources.

It is inconceivable that either group will impose upon any great amount of competitive manufactured merchandise any restriction which will enhance the price to American consumers. More probably they will resort to dumping.

The following extracts from the resolutions indicate that it is in the domain of raw materials that the Allied group will seek an advantage:

"The Allies declare themselves agreed to conserve for the Allied countries, before all others, their natural resources during the whole period of commercial, industrial, agricultural and maritime reconstruction, and for this purpose they undertake to establish special arrangements to facilitate the interchange of those resources."

The self-sufficiency of the Allied group is the logical goal of this agreement, precisely as British Imperial self-sufficiency was the goal of the Chamberlain policy which contemplated a United Kingdom tariff preference to colonial foodstuffs and raw materials in return for a colonial preference to British manufactures. Leaving aside the problem whether the United Kingdom will consent to a tax on food, the question is whether such a policy, adopted by all the Allied group, would deprive the United States of any of its present outlet for

foodstuffs or raw materials. The united colonial and Russian production of foodstuffs and raw materials was not equal to the ante-bellum necessities of the Allies. Would a preference stimulate production to the point of self-sufficiency? If the Allies were obliged still to depend partly on their own raw materials admitted to the consuming Allied countries at a lower tariff rate than those of neutral or enemy origin, would not the price of both find a common level? If so, where would lie the advantage?

It should not be forgotten that the predominance of the British Empire in the trade of the world is largely due to the worldwide distribution of the United Kingdom's resources of supply of raw materials, which brings laden vessels from all parts of the world to the United Kingdom ready to carry back to the same or to other sources of supply British manufactures and coal.

PARIS ECONOMIC RESOLUTIONS

ECONOMIC CONFERENCE OF THE ALLIED GOVERNMENTS

The representatives of the allied Governments have met in Paris, Mr. Clementel, Minister of Commerce, presiding, on the 14th, 15th, 16th and 17th of June, 1916, for the purpose of fulfilling the mandate which was confided to them by the conference of Paris on March 28, 1916, to put into practice their solidarity of views and interests and to propose to their respective Governments suitable measures for realizing this solidarity.

They perceive that the central powers of Europe, after having imposed upon them their military struggle in spite of all their efforts to avoid the conflict, are preparing today, in concert with their allies, a struggle in the economical domain which will not only survive the re-establishment of peace, but at that very moment will assume all its amplitude and all its intensity.

They cannot in consequence conceal from themselves that the agreement which is being prepared for this purpose amongst their enemies has for its evident object the establishment of their domination over the production and the markets of the whole world and to impose upon the other countries an unacceptable hegemony.

In the face of such a grave danger the representatives of the allied Governments consider that it is their duty, on the grounds of necessary and legitimate defense, to take and realize from now onward all the measures requisite on the one hand to secure for themselves and the whole of the markets of neutral countries full economic independence and respect for sound commercial practice, and on the other to facilitate the organization on a permanent basis of this economic alliance. For this purpose the representatives of the allied Governments have decided to submit for the approval of their Governments the following resolutions:

A

MEASURES FOR WAR PERIOD

I

Laws and regulations prohibiting trading with the enemy shall be brought into accord for this purpose:

A. The allies will prohibit their own subjects and citizens and all per-

sons residing in their territories from carrying on any trade with the inhabitants of enemy countries of whatever nationality, or with enemy subjects, wherever resident, persons, firms and companies whose business is controlled wholly or partially by enemy subjects or subject to enemy influence, whose names will be included in a special list.

B. The allies will also prohibit importation into their territories of all goods originating or coming from enemy countries.

C. The allies will further devise means of establishing a system of enabling contracts entered into with enemy subjects and injurious to national interests to be canceled unconditionally.

II

Business undertakings, owned or operated by enemy subjects in the territories of the allies, are all to be sequestered or placed under control. Measures will be taken for the purpose of winding up some of these undertakings and realizing the assets, the proceeds of such realizations remaining sequestered or under control. In addition, by export prohibitions, which are necessitated by the internal situation of each of the allied countries, the allies will complete the measures already taken for the restriction of enemy supplies both in the mother countries and the dominions, colonies and protectorates:

1. By unifying lists of contraband and export prohibition, particularly by prohibiting the export of all commodities declared absolute or conditional contraband.

2. By making the grant of licenses to export to neutral countries, from which export to the enemy territories might take place, conditional upon the existence in such countries of control organizations approved by the allies, or in the absence of such organizations, upon special guaranties, such as the limitation of the quantities to be exported, and supervision by allied consular officers, etc.

B

TRANSITORY MEASURES FOR THE PERIOD OF THE COMMERCIAL, INDUSTRIAL, AGRICULTURAL AND MARITIME RECONSTRUCTION OF THE ALLIED COUNTRIES

I

The allies declare their common determination to insure the re-establishment of the countries suffering from acts of destruction, spoliation and unjust requisition, and they decide to join in devising means to secure the restoration to those countries, as a prior claim, of their raw materials—industrials, agricultural plant and stock—and mercantile fleet, or to assist them to re-equip themselves in these respects.

II

Whereas the war has put an end to all treaties of commerce between the allies and enemy powers, and it is of essential importance that during the period of economic reconstruction the liberty of none of the allies should be hampered by any claim put forward by enemy powers to most-favored-nation treatment, the allies agree that the benefit of this treatment will not be granted to those powers during a number of years to be fixed by mutual agreement among themselves.

During this number of years the allies undertake to assure each other, so far as possible, compensatory outlets for trade in case consequences detrimental to their commerce should result from the application of the undertaking referred to in the preceding clause.

III

The allies declare themselves agreed to conserve for the allied countries, before all others, their natural resources during the whole period of commercial, industrial, agricultural and maritime reconstruction, and for this purpose

they undertake to establish special arrangements to facilitate the interchange of these resources.

IV

In order to defend their commerce and industry and their agriculture and navigation against economic aggression resulting from dumping or any other mode of unfair competition the allies decide to fix by agreement a period of time during which commerce with the enemy powers will be submitted to special treatment, and goods originating from their countries will be subjected either to prohibitions or to a special régime of an effective character. The allies will determine by agreement, through diplomatic channels, the special conditions to be imposed during the above-mentioned period on the ships of enemy powers.

V

The allies will devise measures, to be taken jointly or severally, for preventing enemy subjects from exercising in their territories certain industries or professions which concern national defense or economic independence.

C

PERMANENT MEASURES OF MUTUAL ASSISTANCE AND COLLABORATION AMONG THE ALLIES

I

The allies decide to take the necessary steps without delay to render themselves independent of enemy countries in so far as regards raw materials and manufactured articles essential to the normal development of their economic activities. These measures will be directed to assuring the independence of the allies, not only so far as concerns sources of supply, but also as regards their financial, commercial and maritime organization. The allies will adopt such measures as seem to them most suitable for the carrying out of this resolution according to the nature of the commodities and *having regard to the principles which govern their economic policy*. They may, for example, have recourse to their enterprises subsidized and directed or controlled by the governments themselves or to the grant of financial assistance for the encouragement of scientific and technical research and the development of national industries and resources, or to customs duties or prohibitions of a temporary or permanent character, or to a combination of these different methods.

Whatever may be the methods adopted, the object aimed at by the allies is to increase the production within their territories, as a whole, to a sufficient extent to enable them to maintain and develop their economic position and independence in relation to enemy countries.

II

In order to permit the interchange of their products the allies undertake to adopt measures facilitating mutual trade relations, both by the establishment of direct and rapid land and sea transport services at low rates and by the extension and improvement of postal, telegraphic and other communications.

III

The allies undertake to convene a meeting of technical delegates to draw up measures for the assimilation, so far as may be possible, of their laws governing patents, indications of origin, and trademarks. In regard to patents, trademarks, literary and artistic copyright which come into existence during the war in enemy countries, the allies will adopt, so far as possible, an identical procedure to be applied as soon as hostilities cease. This procedure will be elaborated by the technical delegates of the allies.

D

Whereas, for the purpose of their common defense against the enemy, the allied powers have agreed to adopt a common economic policy on the lines laid down in the resolutions which have been passed; and whereas, it is recognized that the effectiveness of this policy depends absolutely upon these resolutions being put into operation forthwith, the representatives of the allied Governments undertake to recommend that their respective Governments shall take, without delay, all the measures, whether temporary or permanent, requisite to giving full and complete effect to this policy forthwith and to communicate to each other the decisions arrived at to attain the object.

PARIS, June 17, 1916.

The resolutions were signed by representatives of France, Belgium, Italy, Japan, Portugal, Russia and Servia.

ECONOMIC ALLIANCE OF CENTRAL POWERS

The idea of a Central European commercial union between Germany, Austria-Hungary and Turkey is discussed in the German press, but no record of official action corresponding to that taken by the Entente Allies is to be found in the European press.

Friederich Naumann, a German social reformer, political leader and member of the Reichstag, in his book, "Mittel Europa," published and apparently written since the outbreak of the European war, lays down certain principles as a basis for Central European union or economic alliance.

He attributes Germany's economic isolation to the fact that the development of German commercial and industrial life, with its accompanying desire for group activity is strange to countries where individual effort and liberty of the individual is still regarded as the desirable aim of life. This German sentiment, Naumann holds, has entered Austria-Hungary, the economic life of which, he believes, is of German origin, but he finds that Austria-Hungary has not fully realized the German economic idea, that thousands of Austrians normally emigrate every year, and that the splendid farm lands of Hungary still produce on the average of only one-half as much wheat per acre as Germany, although Germany obtains better results with less labor.

Naumann's idea is that the industrial and trade associations of Germany and Austria-Hungary should be combined so that new Central-European associations will take their place, and better use be made of the economic forces on both sides. Closer co-operation of cartels, insurance companies, banks, etc., is to support this need. The war, Naumann explains, has brought to Germany and to Austria-Hungary a new conception of economy, scientific socialism mak-

ing great progress, and the individual right of possession sustaining considerable encroachments, until it is now certain that the ante-bellum condition will not be re-established. Municipal corporations, governmental syndicates and governmental price control have entered the economic life of Germany, and the solution of the problems created, in Naumann's opinion, may be found in the extension of the government syndicate combined with labor insurance.

He points out that the government has taken hold temporarily, and possibly permanently, of the collection and distribution of food, all of which will have an influence upon economic relations with Austria-Hungary. Increased economic activity alone will make it possible for Austria-Hungary, according to Naumann, to overcome its financial difficulties. He admits that an economic union between the two countries, while feasible, is not altogether self contained, and that larger fields for economic exploitation will be necessary to make it so; but even if those fields cannot be extended, Germany and Austria-Hungary and Turkey, whose inclusion appears to him to be desirable, might well form a powerful economic union in the center of Europe.

He writes: "It lacks cotton, wool, cereals and animal food-stuffs, copper, iron ore, leather, coffee, rice, tobacco, wood, corn, jute, mineral oil and chemicals. It lacks more than is wanting to the British Empire and to North America, and it has not the quantity possibilities of Russia, but there is no economic unit in existence having no need for supplementary supplies, and we can collect as much as we need and store it. A population owning such stocks of coal, steel machines, enable to work as we do, would be able also to buy, to save and to economize."

The establishment of free trade between Germany and Austria-Hungary is the first necessary step, in the policy of Naumann, towards the realization of such an economic alliance, to be followed by a joint policy with regard to traffic, uniformity in taxation, which should lead to a common policy in international finance. The disinclination of Hungary for such a step, which might mean to the Magyar the surrender of part of the national independence of Hungary, is acknowledged, and Naumann does not believe that the political realization of the Central Europe idea will immediately solve the economic problem; but rather that a "Mittel-Europa" will grow economically out of the political formation.

SCANDINAVIAN ECONOMIC CONFERENCE

The effect of the war upon the commerce and other interests of Sweden, Norway and Denmark has led to a political and economic grouping of significant interests to all neutrals, because it is the nearest approach to an alliance among nations not involved in, but affected by the war, and its supporters have, at least informally, invited the collaboration of the United States. At the initiative of King Gustav of Sweden, a conference of the three powers was held at Copenhagen on March 9th, 1916, and later the Prime Minister of Norway, answering an inquiry in Parliament, said:

"Every effort should be made to safeguard the independence of the Scandinavian countries in the economic struggle which will follow the war."

Further exchanges were followed by another conference at Christiania, Norway, beginning September 20th and attended by Mr. Zahle, Prime Minister, and Mr. Eric Scavenius, Foreign Minister, of Denmark; Prime Minister Hammarskjöld and Foreign Minister Wallenberg of Sweden; Prime Minister Gunnar Knudsen and Foreign Minister Ihlen of Norway. A special cable despatch to the *New York Times* of September 24th summarized the proceedings of the conference:

"The three countries are unanimous in their desire to maintain a loyal and impartial neutrality during the present war. The injuries to the rights and interests of neutrals inflicted by the belligerent powers, as well as the difficulties in the matter of commercial policies as affecting neutrals, were examined at great length. This examination resulted in an agreement to establish a more extensive collaboration among the three countries.

"Particular attention was devoted to the destruction or detention of neutral ships and neutral cargoes as well as the effects of the blacklists of the belligerent nations. In this connection it was agreed that with a view to facilitating the commercial policy of the three countries they should be kept informed by each other, either through the governments themselves or by competent authorities, regarding the measures which should be taken either relating to the question of this policy or to the suppression of commercial espionage in the respective countries in order to safeguard the combined commercial interests of the three nations. It was also agreed that after the war it would be necessary for the three Scandinavian nations to take measures for their continued collaboration.

"Another question which has been taken up for discussion at the conference is that of the attitude which the Scandinavian nations should observe toward certain questions touching upon the duties of neutral States and to make dispositions for the purpose of safeguarding their neutrality. It was learned in this connection that the three countries are in complete accord regarding The Hague conventions. With regard to the different proposals put before the conference, that body agreed that in view of circumstances at present the governments

of the three countries declare that there can be no question, either for them alone or acting in common with other neutral governments, of taking the initiative in any mediation between the belligerents or other analogous measures.

"On the other hand, it was established that it would be desirable to establish closer co-operation among the greatest possible number of neutral states, with a view to safeguarding their common interests, at the same time observing the strictest impartiality."

The understanding reached appears to contemplate:

More intimate collaboration among the three powers.

Exchange of information regarding the commercial policy of each power.

Protection of the mutual commercial interests.

Continued collaboration after the war.

Closer co-operation amongst the largest possible number of neutral states, with a view to safeguarding their common interests.

THE RUSSO-JAPANESE ALLIANCE

The *Journal* of the American Asiatic Association for October, 1916, gives the following text of the treaty signed between Russia and Japan on July 3rd:

"The Imperial Government of Japan and the Imperial Government of Russia resolve to continue their efforts for the maintenance of a lasting peace in the Far East, and have agreed upon the following:

Article 1. Japan will not be a party to any political arrangement or combination contracted against Russia. Russia will not be a party to any political arrangement or combination directed against Japan.

Article 2. In the event of the territorial rights or special interests in the Far East of one of the contracting parties recognized by the other contracting party being threatened, Japan and Russia will consult with each other on the measures to be taken with a view to support and co-operation being given to one another for the safeguarding and defence of those rights and interests."

The *Journal* adds:

"The new Convention is the natural outcome of the past relations between the Governments which have borne evidence of increasing and steady growth of the rapprochement between former enemies. In July, 1909, within two years of the conclusion of the Russo-Japanese War, a political entente was concluded in which the two Governments, desiring to consolidate the peace and good relations established by the Portsmouth treaty, entered into an agreement with a view of removing all future misunderstanding, to respect the territorial integrity of each other and all the rights arising from agreements between themselves as well as their conventions with China.

"Three years later this was followed by a second agreement, destined to develop the effect of the first convention. The two Governments agreed to mutually co-operate in the improvement of railways in Manchuria and of their connecting services, and to abstain from harmful competition. They agreed to maintain the *status quo*

in Manchuria resulting from existing treaties not only between the two contracting parties, but also between the latter and China: They further pledged themselves in the event of the *status quo* being menaced jointly to concert measures for its maintenance. . . .

. . . . Subsequently an understanding was arrived at between Tokio and Petrograd concerning their respective interests in the region of Mongolia contiguous to Manchuria. This treaty has never been published although its conclusion is an open secret."

CONCLUSIONS

Co-operation, replacing individual, endeavor may be the general industrial result of the war in Europe.

To shorten the period of reconstruction the following policies have been proposed or discussed:

1. Rebuilding the destroyed buildings and factories with governmental aid in money and materials,
2. Supply of necessary machinery and raw materials for industry by governments,
3. Allocation of labor through governmental employment agencies,
4. Monetary assistance to manufacturers and artisans,
5. Distribution of seeds, animals, and machinery to farmers.
6. Restriction of imports to necessity and control of shipping in conformity with such policy.

In some cases governmental aid may be replaced by municipal assistance.

To carry out this program governments will have to make reconstruction loans. Parts of these loans will be placed abroad where they can be used in payment for supplies to be bought from the lending country. This will prevent further declines of the exchanges without necessitating the transshipment of large gold payments.

To secure best results for the money expended buying of building and raw materials will be done on a national cooperative basis. This will entail a continuancy of the practice of having foreign buying agencies as now introduced by the nations at war in the neutral markets. All imports of Germany will be done under governmental control.

To rectify their foreign exchanges and to secure an income for their industries independent from the home market European nations have announced their intention further to support the foreign trade of these industries by a program especially suited to that purpose.

This program includes:

1. The granting of special rebates in buying raw materials and for transportation,
2. Co-operative exporting by groups of manufacturers,
3. Special financial assistance to exporters.

In England a bank for the extension of foreign trade has been formed. Also the government has indicated its willingness to support the creation of new industrial enterprises by special financial grants. In France preparations are made to make more general the use of motor power in medium and small industries by a better utilization of the hydro-electric power of the country. In Germany the introduction of an electrical power monopoly has been discussed with the same object in view.

Steps so far taken indicate the following tendencies:

1. Exclusion of as much as possible of the profit of the foreign exporter.
2. Elimination of the necessity of buying raw materials and partly manufactured articles abroad, especially from now enemy countries.
3. Replacement where possible of manual labor by mechanical energy and a larger employment of machinery.

By carrying out this program the European nations hope to counteract at least partly the destructive influence of the war on their labor resources and to lower their cost of manufacturing so far that they will remain competitive even under the unfavorable economic conditions created by the war.

PUBLIC POLICY

The extent to which various governments will attempt to aid their foreign trade by tariff, shipping and other preferences through policies of economic alliance can only be conjectured until the war ends. The present facts have here been presented for the reader's own judgment.

Whether or not the industrial competing power of Europe will be such as to flood the United States with manufactures is beyond the province of this report and will depend upon relative wage scales, labor supply, the availability of raw material, etc.

Conditions in neutral markets will depend upon, first, capital investment by Europe and the United States and, second, the world market for products of neutral countries.

The condition of world shipping being covered in a paper to be presented at the session of the convention devoted to the merchant

marine, it need no further be mentioned here than to observe that with war losses the merchant tonnage of the war will be materially less when peace comes than it was before the war in 1914.

The net result of this inquiry is the conclusion that the war which has crippled Europe's industry by vast loss of life and treasure has stimulated industrial efficiency at a moment when the world is more rapidly than ever before devising new mechanical processes for tasks formerly done by hand, while policies of governmental encouragement of business enterprise deemed impossible before the war are now the order of the day. Whatever Europe may lack in competing power it will want no resource of policy to foster its welfare in world trade.

PRESIDENT JOHNSON: Gentlemen, the next paper upon the program for this morning is entitled "Industrial Reconstruction in Europe," by Mr. W. W. Nichols, Chairman, American Industrial Commission to France.

INDUSTRIAL RECONSTRUCTION IN EUROPE

BY

MR. W. W. NICHOLS

Chairman, American Industrial Commission to France

Industrial reconstruction in Europe will be a gigantic undertaking to engross the minds of eminent students in more than one line of thought, and its progress will doubtless be influenced by as many theories as there will be minds to evolve them.

Accordingly at the very outset I feel it incumbent to disclaim any special competency to treat adequately the broad subject assigned to me. I am sufficiently perplexed and embarrassed in discussing the probable industrial reconstruction in France alone, after having had the benefit of a fairly close but brief contact with present conditions there, for I feel that I may be credited with an intimate acquaintance with those conditions to warrant in the minds of my audience a safe theory if not a prophecy. In order that there may be no misconception as to my relation to the subject I will explain that our small Commission of business men sent by the American Manufacturers' Export Association spent forty-five days in France; that during this short time it saw much under expert

guidance and heard more; that it had opportunities in discussions with French economic associations, government commissions and business organizations to learn something of circumstances that pointed a reconstruction; and that furthermore a meeting with the Belgian Chamber of Commerce in Paris gave the Commission at first hand an acquaintance with conditions in that stricken land which were helpful in arriving at some kind of a general understanding of the situation. Finally it is to be particularly noted that the Commission concerned itself continually with questions pertaining to industry and commerce and their concomitants; that is to say the Commission in its desire to successfully further business relations with a people foresaw the necessity of knowing something more than the material wants of said people, namely, its character, environments and circumstances which would influence its attitude towards the business the Commission was there to serve.

Probably no one who has given a thought to our relation to the unprecedentedly stupendous situation in Europe which enormously destructive forces have created, believes that we can altogether ignore and not be a party to the extensive rehabilitation which has already commenced. A certain responsibility in the process seems definitely fixed, and we can no more escape it than we have been able to avoid other consequences of this war. In other words, in our world, what affects one affects all more or less, and there is no denying it.

Therefore it becomes a *very* pertinent question: Are we, a nation of superior resources, to perform our large part in a large way, with a liberal regard to the temporary embarrassments of willing beneficiaries in whom we need only augment an already large measure of good-will to serve us long and happily? Or are we to be actuated by purely selfish motives and lose a world opportunity in so much that vitally concerns us? Are we, in other words, to participate in a world trade in friendly co-operation, or try to exploit it by selfish competition? The one industrially constructive and permanent, the other easily destructive and temporary. In one case to render a useful service to mankind and ourselves from which we gain sure and definite rewards, or in the other to burden ourselves with heavy problems, abstruse and perplexing, for which we can only hope to find uncertain solutions.

It is a question as big as the opportunity itself, and will have a very definite bearing on whatever we may try to do anywhere,—anywhere, I say, for if we rise to the occasion we shall develop

within ourselves that broad spirit of enterprise which will comprehend the needs of a world itself. These reflections bear directly on the subject before us because presumably whatever interest we have in it depends on our desire to participate in this reconstruction and the probable effect upon our future trade of what we do or fail to do in the matter. Presumably also we will not be so short-sighted as to plan to supply only some of the needs of the belligerent nations of Europe, regardless of the effect of so doing,—rather we propose the contrary, to extend the aid so much needed for the benefit of all, and this will have a marked effect upon our national welfare and prestige. It behooves us to make that benefit not temporary but lasting, and it is this which concerns this Convention.

In order to establish the first essential, namely, whether or not we wish to engage in this enterprise, it becomes necessary to reflect on arguments pro and con, with regard to certain elements that enter into it. The business is there: our Commission can tell you what that business is and a reading of its report will suggest to your minds some elements you need to consider in accepting it.

Now, generally speaking, the history of our foreign trade seems to indicate that we believe it subject to fundamental principles peculiarly its own and which differ widely from the same class of principles that operate in domestic trade. Some of our students of business economics have been sufficiently impressed by the fallacy of this view to frequently call attention to it, and it would seem at the present day that if our business sense is not fully convinced that domestic and foreign trade are promoted by the exercise of the same fundamental principles, at least it grants the benefit of a doubt as to whether such is not the case, even when we compare differences in national resources, methods, labor conditions, etc., which appear in foreign trade to create situations for which we have no equivalent at home. In order to give expression to views that were developed or strengthened by our survey of conditions in France, permit me to reflect on certain fundamentals in an effort to deduce a logical conclusion which will bear on the question before us.

Cooperation and good-will must necessarily be of prime importance in any permanent business relationship and each is an essential to the other. Cooperation requires constant unselfish reference to the common needs of the parties to the relationship. It is based on considerations of mutual friendship and common faith in and respect for each other which can result only from an inti-

mate acquaintance by personal contact, a condition indispensable to a permanent relationship. A lack of such acquaintance furnishes too many opportunities for the misinterpretation of motives which sooner or later will lead to reprisals and—the relationship ends.

It may be trite to remind business men of the utility of good-will, for has it not long been the practice amongst American business institutions to figure good-will, not as an intangible feature of business enterprise, but as a perfectly tangible, sometimes the principal, asset in business undertakings of importance? Yet how frequently the real article fails of much serious consideration outside the limits of a balance sheet. Is this not particularly true in foreign trade, into which ordinarily to our minds the element of good-will need rarely, if ever, enter? If good-will itself and the *desire* for cooperation are needed in foreign trade, then the American Industrial Commission to France can furnish a deciding argument for a trade relation that may easily be made valuable and permanent. If the Commission discovered one thing beyond a question it was the willingness of France to cooperate with a people she understands in order to establish on a sure foundation true commercial reciprocity. The French believe in that friendship that has always existed between the two republics, charmingly noted by Ambassador Jusserand in his recent publication * when he points out the advantage to accrue to the two in comparing their experiences in solving the similar hard problems of national life. To repeat, we have abundant proof of this desire and furthermore we believe that none but ourselves may destroy the opportunity offered us. A *right* treatment of this opportunity we feel will have a potent effect on “dumping” and similar measures destined to limit, if not destroy, our trade abroad according to the theories of the present day. It would also modify such theories as for example the one which predicts an injury to result from the sale of our labor saving machinery to future competitors to strengthen their competition.

If we are to successfully engage in a continuous trade with France, or indeed with any other nation, we must recognize the importance of certain questions which were regularly submitted at our conferences by the French for discussion—fundamental questions relating to credit, tariff and other trade requirements.

It must be obvious that exporting for cash on bills of lading fails to conform to a common business practice experience has

* With American Past and Present Days.

developed—it becomes an exception to the rule and, being an exception, reflects on integrity and impairs good-will. It may be a fair question whether manufacturers' credit at home or abroad should ever extend beyond final acceptance—long terms should be left to the banker. This would avoid one of the most perplexing difficulties which today complicates most competition. France will require long time credit and so much of it that it must concern the banker who will, as usual, place his own estimates on the personal character of the applicant. May I record, in passing, our faith in the French national character founded as it is on an innate repugnance to bankruptcy considered a disgrace, not to the individual alone, but to his family and friends who will render aid sooner than suffer it, and also a thrift which has made the people rich.

There must be no abuse of our tariff action, there must always be sound reasons for whatever we do in this particular and we must not protect our industry by means which prove *unfairly* injurious if not ruinous to our commercial allies, for then reprisals on the same account will be certain to strain relations and impair friendship. We plead for joint conferences to settle differences by friendly compromise.

One of the most difficult conditions to contend with in foreign trade is the difference in viewpoint due to different national development. Difference in Governments creates corresponding differences in national thought. This conception encourages the belief in close commercial relationship between two nations whose governments are "of the people, by the people and for the people," because this, in itself, naturally induces a mutual sympathy with each other's institutions and aspirations and capable of promoting a common progress be it commercial, industrial or what not.

France is a nation to be reckoned with, for her enterprise and initiative have long furnished fine examples in social institutions and engineering achievement for the rest of the world to copy. We should not overlook the Suez and Panama Canals, wonderful state highway and canal systems, chambers and tribunals of commerce and numerous other cooperative institutions in many lines of endeavor; an art appreciation which with a highly developed imaginative faculty has made the nation great. Are we to seek a valuable relationship with so much accomplishment to serve a common interest, or engage in the industrial war predicted so frequently today and which will never occur if we seek to avoid it? Again, I repeat, the decision lies with us, for France is willing

not to be exploited, not to be furnished American products for one consideration—French gold—but to combine with us in developing our respective resources by a happy joint action. This thought savors of Utopia perhaps, but please note that it is a thought that has its place among the thinkers of a nation whose judgment has been ripened by an experience with bitter competitions for a period that makes our national development but of a day.

If we are agreed that we are equally willing to enter into a Franco-American reciprocity according to which we purchase freely from France so that France may purchase largely from us, then we are ready to consider the character of the demand on us in this prospective reconstruction.

I wonder if we realize what it would mean to have an important industrial section of our country devastated by the fierce conflicts of warring hosts? France had herself forgotten most of the terrors of such a cataclysm. When we reflect that she has today in her possession over 750 towns in the war zone demolished wholly, or in part, with a greater loss otherwise than this implies, and that more than three times that number of towns besides four of her cities of over 100,000 population each are still held by the Central Powers, we may comprehend somewhat the magnitude of her problem of rehabilitation, not of buildings and their contents, relatively a small matter, but the difficult reorganization of working forces, methods, and all that which composes and sustains industrial life. The Commission in its report publishes a list of industries, furnished in detail by the National Commission for the resumption of activities in the invaded district. This list includes under textiles, twenty-five different industries; under agricultural, eleven; under mines, metallurgical, mechanical and electrical construction, thirty-eight; and miscellaneous, twenty-five industries; this concerns what before the war engaged the activities of probably one and a half million workmen producing perhaps two billion dollars of product.

Furthermore, it should be noted that reconstruction in France is not by any means confined to the invaded districts; in fact, it is a fair question whether the greater task is not elsewhere.

Plans have been made which contemplate the early development of water power, according to official estimates amounting to approximately 750,000 H. P., with 3,000,000 H. P. more in prospect; a development, because largely for manufacturing purposes,

which may afford immense opportunities for almost every product of American industry.

The Touring Club of France, in cooperation with local associations and hotel men in resort sections, proposes to rehabilitate the resort hotel system along modern lines to conform closely to the American idea; this might easily create a demand for American hardware and American hotel equipment of all kinds if we choose to develop it. As this plan involves an estimated expenditure of over \$100,000,000, our manufacturers concerned can decide for themselves whether or not it deserves attention.

France looks to us as the superior exploiter of labor-saving machinery to help her to deal with what she expects to be the most difficult phase of her reconstruction, namely to find adequate means to offset a great deficiency in her former manual labor. She estimates this deficiency will actually be 1,500,000 men, and to this must be added serious impairment of effective personal service by the loss of limb, sight or other sense. Her dependence upon female substitutes, now saving the nation, can obviously be only a temporary expedient which as long as it lasts will restrict national progress in vitally important respects. In fact, France is so impressed with the gravity of this situation that at the outset this constituted the principal reason given for our Commission's visit.

What the requirements in this particular will be no estimate at this time can foretell, for the needs of replacements alone can only be rudely guessed. It is estimated, however, that in the replacement of textile machinery alone between 75 and 100 million dollars will have to be expended. Every estimate in this regard is necessarily predicated on assumptions largely speculative from the very nature of present conditions. An estimate prepared by the statistical department of The National City Bank of New York, published in *The Americas* of July last, probably gives as accurate a conception of requirements as any estimate can before the completion of hostilities—because it is based usually upon official records.

In any case, about all that can be said is that in these particulars the figures are so enormous and represent something so much beyond machinery productive capacity for any but a long period of time—for example, it is figured that \$600,000,000 will be required for the replacement of industrial property in the French war zone alone—that the results of any calculation constitute a commentary on a condition so unprecedented in history as to occa-

sion bewilderment. When in addition to this one considers the serious deterioration of machinery everywhere, due to an extraordinary tax on production and a tax frequently met by unskilled operatives, rehabilitation generally means something so enormous as to vitiate any theory that may be advanced. No one can know anything about it.

Machine tools and textile machinery of every type are not by any means the only requisite, for by an easier calculation there is made known in agriculture an imperative need for 17,200 farm tractors, 125,000 plows, 10,000 thrashers, a large number of harrows, cultivators and other implements; urgent requirements that cannot possibly be produced by France alone.

And so I could continue to mention wants of a kind that transcend enormously any of past history. At every turn the Commission discovered a demand which can be met by American enterprise—often in the most unexpected manner; what seemed trivial sometimes proved a discovery of prime importance.

A word only as to the need of Belgium after the war which is now a subject for hopeful consideration upon the part of its able minds in collaboration with the Allies and a government in exile. There is little doubt but that the destruction wrought is sufficiently complete to justify the plans contemplated and submitted to the Commission by the Belgian Chamber of Commerce in Paris, which involves not merely buildings and equipment for all sorts of industrial purposes, but raw materials and even finished products to a large extent. Necessities in these particulars are believed to be so pressing that it is proposed to accumulate in advance supplies of this kind to be instantly available when Belgium shall be free from the invader. The unshaken confidence in their future displayed by the Belgian gentlemen responsible for these plans was touching in the extreme.

It is very evident that to furnish France and Belgium what will enable them to resume their former industrial activities will test available resources for several years to come; to meet depletions in practically every direction of national life that we saw ourselves will tax to the utmost and for a long time all the cleverness for which the French are noted;—former normal conditions of life have been so wrenched and distorted that all Europe after the war will have to adjust itself to altogether new conditions. There are many reasons why dumping low cost products into our market appears not only improbable, but impossible, for many years to

come. Will dumping, considered as it always is in its unfair significance, ever occur? Let us see.

If the world is to continue in the spirit of the vile contention which has wrought such fearful destruction, not confined by any means to battle lands, but which has disrupted and demoralized much more than mere industrial organizations which took years to build, then with others we must devise all sorts of protective measures to prevent, or is it to create, evil schemes in retaliation and other reactionary devices which destroy but never construct. If, on the other hand, we can be actuated by high principles of humanity to cooperate with other nations for a general prosperity and a common progress, the ills which excite our minds today will never arise.

May not what we have in mind to do for and with France be but a step towards a general foreign trade which, built on a mutual exchange in the fullest sense with other Nations and founded on a common interest and a common enterprise, will help the progress of the world as nothing else can?

It is worthy of note and furnishes food for reflection that the work of the Commission in France conducted along the lines indicated received a consideration which nothing else could have induced. And it is especially worthy of note also that, added to the warm sympathy unanimously accorded our mission by the great minds of France, Mr. Lloyd George, who is accepted as the practical dictator of British affairs and probably therefore in a large sense the exponent of the best British opinion, expressed the desire that what we hoped to do with France might likewise be done not only with Great Britain but even with the Central Powers after the settlement of present "differences," for, as he magnanimously asserted, "the world is big enough for all of us."

PRESIDENT JOHNSON: Gentlemen, we have listened with great interest to Mr. Nichols' valuable paper. Its discussion is now in order under the five minute rule. If there are any persons who would like to comment on it, we would be glad to hear from them.

MR. ANTONIO ZUCCA, President, Zucca & Co., Inc., New York City, Importers of Fruits, Olive Oil, Cheese, etc., trading with South American and Latin countries, Italy, France, Spain and Portugal: representing the New York Fruit Exchange:

I have heard with great pleasure what Mr. Nichols had to say. After peace has been concluded, certainly no more material of

destruction will be required; the belligerent countries will not continue to import munitions of war. But there will be a very extensive demand for material of construction, for the building of roads, bridges, and so forth. I do not believe that immigration here will be as large as many anticipate, as naturally the men in Europe who are able to work will be needed for the work of commercial and industrial recuperation in their own country; therefore the great outcry made by some narrow minded legislators to restrict immigration in the United States is out of reason.

The exports of belligerent countries cannot be large for at least a couple of years, until trade conditions have time to become normal; then to immediately place a high tariff on all imports here, would not be at all advisable, and not an act of common sense.

I hope when peace is concluded, it will be a permanent peace, and not a mere truce; and our President in his speech to the Senate very appropriately advocated that peace should be established and agreed by equals, not dictated by victors. I am, however, of the opinion that after peace has been instituted, the people will demand a greater freedom of intercourse between nations, and a great commercial confederation of all civilized nations can be foreseen, with the abolition of Custom Houses, giving a free interchange of products between the more or less productive countries, making high cost of living impossible, and terminating all jealousy between nations, thereby making war an impossibility. This theory is perhaps quite in advance of the times, and hazardously foreseen, but all great wars have brought social revolutions for the benefit of the suffering people, and my opinion is based on the belief that history will merely repeat itself.

MR. GEORGE J. FOYER, Export Sales Manager, Charles A. Foyer & Co., Cleveland, Ohio; Manufacturers and Exporters to all Countries of Typewriter Ribbons and Carbon Paper,

Gentlemen of the Convention, I have listened very attentively, as probably you have, to the remarks of previous speakers, and one of the things that has come to my mind was the high cost of raw material. In order to overcome the obstacles that are confronting our export business, I am in favor of the abolition of all tariffs. I believe that the biggest swindle ever perpetrated upon a people is the tariff, and it is a bad obstruction to the foreign trade of any country.

I am a protectionist (laughter)—the highest type of protectionist—I don't believe you can have protection without absolute and positive free trade. Every country on the face of the globe

puts up a tariff to offset ours. It is a known fact that there are manufacturers in this country that are exporting and that they are selling the raw material and finished product abroad cheaper than in their own country because our tariff will not admit of competition. Every exporter is a free-trader as soon as he leaves his own border. Take the flour industry. Companies in Minneapolis are selling flour in Italy, after paying freight, for about two dollars a barrel cheaper than in Minneapolis. Take the steel industry. I have recently been shown a newspaper advertisement by the Bethlehem Steel Company, where they bid on a government contract considerably more than they bid on English contracts.

PRESIDENT JOHNSON: It has been suggested that Groups 2 and 3 be joined, but I would say that that was tried last year and did not work satisfactorily. It was duly considered in the discussion prior to the Convention and it was thought wise not to do it.

The next paper will be one entitled "The Foreign Trade Aspect of the Tariff," by Mr. Willard Straight, Vice President of the American International Corporation.

THE FOREIGN TRADE ASPECT OF THE TARIFF

BY

WILLARD STRAIGHT.

Vice President, American International Corporation, New York City
and Member of National Foreign Trade Council

The probable nature of after the war conditions and their effect on the trade of this country are matters which are now uppermost in the minds of our commercial and financial leaders. We realize that we cannot hope to maintain our exports at their present scale. We shall sell less, and Europe, to gain back its gold, will endeavour to induce us to buy more. We know that we must endeavour, as far as possible, to continue the business which has been built up during the past two years. Thinking people, by an analysis of present conditions and of probabilities for the future, are endeavouring to anticipate the difficulties that we shall be obliged to face and to find the answer. It is certain that the answer, whatever it may be, will require mobilization of our intelligence and co-ordinated endeavour by the producer and manufacturer with banking interests throughout the country. The financing of our exports and co-operation for export sales have been or will be considered by this Convention. It is the purpose of this paper to show, if possible, that the Tariff

may also be made to serve a constructive purpose. It should be and can be made an instrument not only to protect our industry and to safeguard a home market—it may be utilized for the maintenance and development of our export trade.

The late General Hancock is credited with the remark that the Tariff was a local issue. It has been made the main issue in national political campaigns, but it has been a local issue nevertheless. Different sections of the country have considered the Tariff in the light of their own peculiar needs. Tariff policies have been formulated under the guidance of those local interests which were for the moment dominant in our national affairs. To-day the American people are for the first time alive to the importance of foreign trade. They realize that foreign trade is essential to the welfare of the country. The Tariff, therefore, whatever its local effect may be, is, as it affects foreign trade, essentially a national issue.

At the last Foreign Trade Convention, held in New Orleans, Professor Emery, Mr. Culbertson and myself presented papers dealing with various aspects of the Tariff problem as affecting our foreign trade. A special Group Session was devoted to the discussion of this subject.

The events of the past year emphasize the importance of the considerations submitted in the papers to which I have referred. The economic tendencies in Europe which were then manifest have now been crystallized in the plans of the Central Powers and in the resolutions passed by the representatives of the Entente Allies at the Paris Conference in June, 1916. The economic mobilization of Europe has been perfected. Both groups of Allies contemplate preferential Tariff arrangements between themselves. Both groups must necessarily strive not only to restore but to increase their trade with neutral markets.

MOST FAVORED NATION RELATION

The Treaty fabric under which the major part of the trade of the world was conducted prior to 1914, with its wide extension of "favored nation" treatment, has been virtually destroyed by the war. Our own commercial arrangements with the belligerents have not been altered, but we have at present no commercial treaty with Russia. Our relations with some of the other powers rest on bases which are antiquated or improvised. In any case the belligerent powers will necessarily recast their arrangements with the United States to conform to the provisions of the instruments on which

their own mutual relations will be based. The tariff systems of the world will be revised to meet new conditions. To pay interest on enormously increased national debts, tariff duties as well as direct taxation must be increased. To endeavour to obtain the sums required merely by fresh taxation would be to place an undue burden upon capital and industry. Fresh wealth must be created by the development of productive power. Such stimulated production must of necessity find an outlet in the export trade.

BRITISH TARIFF POLICY

Although Great Britain has not as yet ostensibly departed from her traditional "Free Trade" policy, duties have been increased, charges have been imposed on articles hitherto admitted free, and the importation of others has been prohibited. These changes have been made to raise revenue, to curtail luxury and to give additional space on British ships for the transportation of necessities. But there has been a noticeable trend toward the idea of a tariff for protective purposes. It seems possible, therefore, that a tariff or economic partnership between the United Kingdom and the British colonies, and preferential arrangements between the British Empire and the Entente Allies, may be established. Similar arrangements may be made by the Central Powers. The three Scandinavian nations entered into a comprehensive trade agreement in July last. The difficulty of reconciling conflicting interests may make these combinations unworkable in their most extreme form, but the fact that they are contemplated is significant and must not be disregarded. We do not know what will happen, but whatever it is we should be prepared to meet it. For example, in order to secure the trade of South America, the United Kingdom may be willing to offer South American countries concessions impossible when the United Kingdom was a free market but feasible under a system of reciprocity which a British Tariff would permit. Under possibly broader preferential arrangements between the Entente Allies or the Central Powers, South American countries may be able to obtain from them preferential rates in return for reciprocal advantages. Offers of this sort, coming from either Allied Group, would be particularly attractive, because of long established trade relations, especially with England, Germany and Italy, and because of the large investment which these nations, and France, have made in South America.

If the European Groupings, as a result of the war, are either

collectively or individually to utilize bargaining tariffs as they have in the past, under their maximum and minimum, or general and conventional systems, it is essential that the United States should be in a position to protect its position. The Entente Allies, for example, apparently contemplate post-bellum discrimination against the trade of the Central Powers. It has been stated that every effort would be made to continue close commercial relations with the neutral nations. Will the maintenance of such relations, however, be made contingent upon the willingness of neutrals to discriminate against German trade? The best method of avoiding such a dilemma is to realize that it may arise. If this or other equally difficult situations are possible, should we not now consider measures which will render them improbable?

A BARGAINING TARIFF

The trend of economic policies in Europe is manifest. The need for maintaining our export trade is obvious. The United States will be the richest market in the world after the war. The United States will be the most serious competitor which European industry will be obliged to meet in its campaign for recouping the losses of the present struggle. This war has demonstrated the fact which some of us in this country have heretofore been disposed to ignore—that international trade, like domestic trade, is essentially an exchange of commodities. We cannot hope that we shall continue to sell some 3,000,000,000 of dollars more of goods than we buy. Commercial relationships to be permanent must be mutually advantageous. If we wish to sell our goods abroad, we must in turn purchase from foreign producers. Our purchasing power, therefore, is our first line of economic defense. To utilize it as such we must be able intelligently to regulate the importation into this country of goods which other nations desire to sell to us. By so doing, we may demonstrate the advantages which they may gain by purchasing articles which we in turn desire to export. We need a "bargaining" tariff. A "bargaining" tariff to be effective should be flexible. It should be possible to apply its provisions to meet situations as they arise. Our present tariff laws are inadequate from both points of view. Whatever be the underlying principle of the tariff it should possess adequate resources for the encouragement of our foreign trade and its protection from undue discrimination.

It is not the purpose of this paper to enter into a general discussion of our tariff problems, to attempt to justify either a pro-

tective tariff or a tariff for revenue only. A general revenue bill may be based on one theory or the other. But whatever its underlying principle, a tariff law may be so framed that within certain specified limits fixed by Congress, the Executive may utilize the tariff either to secure concessions for American trade or to prevent discrimination against our products, or our interests in foreign lands.

The desirability of utilizing the tariff to encourage our export trade and to protect it against discrimination, was recognized by both Hamilton and Jefferson. These men were dealing with our international commercial relations in the days before we entered into our years of isolation and incubation. Alexander Hamilton in his paper on "Manufactures," communicated to the House of Representatives on December fifth, 1791, presented a convincing argument of the need for encouraging manufactures in the United States and gave a prescient analysis of the methods by which such encouragement might be made effective. One paragraph of his paper is particularly applicable to this discussion. He wrote:

ALEXANDER HAMILTON

"Considering a monopoly of the domestic market to its own manufacturers as the reigning policy of manufacturing nations, a similar policy on the part of the United States in every proper instance is dictated, it might almost be said, by the principles of distributive justice, certainly by the duty of endeavouring to secure to their own citizens a reciprocity of advantages." (i. e., tariff concessions from nations exporting goods to the United States.)

THOMAS JEFFERSON

Thomas Jefferson, as Secretary of State, in his report to Congress in December 16, 1793, said:

"Should any nation, contrary to our wishes, suppose it may better find its advantage by continuing its system of prohibitions, duties and regulations, it behooves us to protect our citizens, their commerce and navigation, by counter prohibitions, duties and regulations, also. Free commerce and navigation are not to be given in exchange for restrictions and vexations; nor are they likely to produce a relaxation of them."

* * * * *

"The following principles, being founded in reciprocity, appear perfectly just, and to offer no cause of complaint to any nation:

"1. Where a nation imposes high duties on our productions, or prohibits them altogether, it may be proper for us to do the same by theirs; first burdening or excluding those productions which they bring here, in competition with our own of the same kind; selecting next, such manufactures as we take from them in greatest quantity, and which at the same time we could the soonest furnish to ourselves, or obtain from other countries; imposing on them duties lighter at first, but heavier and heavier afterwards, as other channels

of supply open. Such duties having the effect of indirect encouragement to domestic manufactures of the same kind, may induce the manufacturer to come himself into these States, where cheaper subsistence, equal laws, and a vent of his wares, free of duty, may ensure him the highest profits from his skill and industry. And here, it would be in the power of the State governments to co-operate essentially, by opening the resources of encouragement which are under their control, extending them liberally to artists in those particular branches of manufacture for which their soil, climate, population and other circumstances have matured them, and fostering the precious efforts and progress of *Household* manufacture, by some patronage suited to the nature of its objects, guided by the local informations they possess, and guarded against abuse by their presence and attentions. The oppressions on our agriculture, in foreign ports, would thus be made the occasion of relieving it from a dependence on the councils and conduct of others, and of promoting arts, manufactures and population at home.

"2. Where a nation refuses permission to our merchants and factors to reside within certain parts of their dominions, we may, if it should be thought expedient, refuse residence to theirs in any and every part of ours, or modify their transactions.

"3. Where a nation refuses to receive in our vessels any productions but our own, we may refuse to receive, in theirs, any but their own productions. . . ."

* * * * *

"It is true we must expect some inconvenience in practice from the establishment of discriminating duties. But in this, as in so many other cases, we are left to choose between two evils. These inconveniences are nothing when weighed against the loss of wealth and loss of force, which will follow our perseverance in the plan of indiscrimination. When once it shall be perceived that we are either in the system or in the habit of giving equal advantages to those who extinguish our commerce and navigation by duties and prohibitions, as to those who treat both with liberality and justice, liberality and justice will be converted by all into duties and prohibitions. It is not to the moderation and justice of others we are to trust for fair and equal access to market with our productions, or for our due share in the transportation of them, but to our own means of independence, and the firm will to use them. Nor do the inconveniences of discrimination merit consideration. Not one of the nations before mentioned, perhaps not a commercial nation on earth, is without them. In our case one distinction alone will suffice; that is to say, between nations who favour our productions and navigation, and those who do not favour them. One set of moderate duties, say the present duties, for the first, and a fixed advance on these as to some articles, and prohibitions as to others, for the last."

Mr. McKinley, during the major part of his life, was an ardent protectionist. In 1901 the United States was in the midst of the industrial and financial boom that followed the Spanish War—when we were emerging once again from the shell that had kept us apart from the world for well nigh half a century. In his speech delivered in Buffalo on September fifth, 1901, Mr. McKinley said:

WILLIAM MCKINLEY

"We have a vast and intricate business, built up through years of toil and struggle, in which every part of the country has its

stake, which will not permit of either neglect or of undue selfishness. No narrow, sordid policy will subserve it. The greatest skill and wisdom on the part of the manufacturers and producers will be required to hold and increase it. Our industrial enterprises, which have grown to such great proportions, affect the homes and occupations of the people and the welfare of the country. Our capacity to produce has developed so enormously and our products have so multiplied that the problem of more markets requires our urgent and immediate attention.

"Only a broad and enlightened policy will keep what we have. No other policy will get more. In these times of marvelous business energy and gain we ought to be looking to the future, strengthening the weak places in our industrial and commercial systems, so that we may be ready for any storm of strain.

"By sensible trade arrangements which will not interrupt our home production we shall extend the outlets for our increasing surplus. A system which provides a mutual exchange of commodities is manifestly essential to the continued healthful growth of our export trade. We must not repose in fancied security that we can forever sell everything and buy little or nothing. If such a thing were possible it would not be best for us or for those with whom we deal. We should take from our customers such of their products as we can use without harm to our industries and labor.

"Reciprocity is the natural outgrowth of our wonderful industrial development under the domestic policy now firmly established. What we produce beyond our domestic consumption must have a vent abroad, the excess must be relieved through a foreign outlet and we should sell everything we can and buy wherever the buying will enlarge our sales and productions, and thereby make a greater demand for home labor.

"The period of exclusiveness is past. The expansion of our trade and commerce is the pressing problem. Commercial wars are unprofitable. A policy of good will and friendly trade relations will prevent reprisals. Reciprocity treaties are in harmony with the spirit of the times; measures of retaliation are not. If perchance some of our tariffs are no longer needed for revenue or to encourage and protect our industries at home, why should they not be employed to extend and promote our markets abroad?"

Congress, in connection with various tariff bills, has from time to time contemplated the "bargaining" potentialities of the tariff. This phase of the problem, however, has received but small consideration from our legislators. The maximum and minimum provisions of the Payne-Aldrich Tariff were debated by the Senate for less than an hour. This subject has not formed the basis for public discussion since the time when immediately after the Napoleonic wars our markets were flooded with British manufactures, and our trade discriminated against by the nations of Europe.

The tariff may be utilized by the encouragement of export trade in either or both of two ways—through reciprocal tariff concessions—or by the threatened application of retaliatory measures to prevent discriminations. The United States has in the past availed itself of both methods.

BARGAINING PROVISIONS IN PREVIOUS TARIFFS

The McKinley Tariff vested in the Executive power to alter the duty on five groups of comparatively unimportant articles: (1) Argols or wine lees, (2) Brandies or other spirits, (3) Champagne and other sparkling wines, (4) still wines and vermouth, (5) statutory and paintings, and to transfer from the free to the tariff list any, or all, of the following articles: sugar, molasses, coffee, tea and hides. Under this provision, however, it was possible to negotiate treaties with Germany; Austria-Hungary; Brazil; Spain; for Cuba and Porto Rico; England for Jamaica, Trinidad, Barbados, Guiana, the Leeward and Windward Islands; Santo Domingo; Salvador, Costa Rica, Honduras, Nicaragua and Guatemala and the benefit of the free list was thus accorded to those countries. The Dingley Bill provided for the negotiation of reciprocity treaties by a similar transfer of free list articles to the tariff list, substituting, however, tonca beans and vanilla beans for sugar, molasses and hides. It further authorized specified reductions on the five groups of articles mentioned above under the McKinley Tariff. Under these provisions treaties were negotiated with the following countries: Italy (February 8, 1900); Germany (February 27, 1906); Spain (August 1, 1906); Bulgaria (September 16, 1906); Netherlands (May 16, 1907); France (January 28, 1908); Portugal (May 22, 1909). An arrangement was also made with Switzerland as the result of negotiations with that country, it being finally conceded that under the negotiations of the existing treaty with Switzerland she was entitled to most-favored-nation treatment. These treaties were not required to be ratified by Congress. The President was also authorized to negotiate treaties subject to the approval of Congress, based on reductions not exceeding twenty per cent. on one or all of the tariff list articles, or to transfer any of the articles on the free list to the tariff list and further to agree that the existing free list might be preserved for five years. Under these last provisions of the Dingley Act, Mr. John A. Kasson, the American Reciprocity Commissioner, after six years of arduous work, succeeded in concluding agreements with the following countries: Cuba; France; The Dominican Republic; Argentine; Nicaragua; Denmark for St. Croix; Great Britain for the Barbados, British Guiana, Bermuda, Jamaica, Newfoundland, the Turks and Caicos Islands. These treaties failed of ratification in the Senate. The Underwood-Simmons Bill provides for the negotiation of reciprocity agreements which must be approved

by both Houses, but not necessarily by a two-thirds vote of the Senate.

The Payne-Aldrich Bill of 1909 fixed general schedules and authorized the President to impose an additional 25 per cent. ad valorem in case other nations should discriminate against the products of the United States. By virtue of this provision certain discriminations were removed and numerous advantages were gained through negotiations conducted by the State Department. To secure the minimum rate, practically all the trading nations extended to the United States minimum rates or equivalent concessions. The weapon thus placed in the hands of the Executive, however, proved to be unwieldy. To secure reparation for some comparatively insignificant though perhaps irritating discrimination, it was necessary to impose the additional 25 per cent. ad valorem on all products of the offending nation imported into this country. The remedy, therefore, would in almost any case have been worse than the disease which it was designed to cure.

To meet this situation, the State Department, at the close of the Taft Administration, proposed certain amendments which provided for a graded increase in duties upon all or certain products of nations discriminating either through the imposition of duties or in any other manner against American products or commercial activities. This proposed amendment would have conferred upon the President authority by proclamation to increase the duty upon imports subject to duty or to impose a duty on free-listed products, as he might deem proper, by such charges between 5 and 25 per cent. ad valorem as he might determine to be equivalent to the injury inflicted upon American capital or commerce by the offending nation. In extreme cases the President would have been authorized to prohibit imports altogether. The Department's suggestion was not accepted.

THE PRESENT TARIFF

The amendments to the Underwood Bill, discussed and adopted by the Senate but not concurred in by the House of Representatives, vested in the Executive power to retaliate in the case of discrimination against our products, either by the increase of duties on certain specified dutiable articles or by the imposition of duties on certain specified articles on the free list.

Under our present Tariff, sixty per cent. of the articles imported into this country are admitted free of duty. Ninety-five per cent. of the value of imports from South America; with the exception

of Cuba, the same proportion of imports from Central America and the West Indies; 90 per cent. of the imports from Africa; 97 per cent. of those from Oceania; and 70 per cent. of those from Asia now enter our ports without payment of duty.

Total value of imports from all countries during year 1915.	\$1,648,386,280.00
Free of Duty	1,032,863,558.00
Dutiable	615,522,722.00
Percentage free	62.66%

Principal dutiable articles imported in 1915

	<i>Total Value</i>	<i>Amount Duty Collected</i>	<i>Average Ad Valorem Rate of Duty</i>
Sugar	\$155,204,278.00	\$49,282,113.17	31.75%
Tobacco, and manufactures of	29,499,102.00	24,875,245.93	84.33%
Manufactures of cotton.....	46,615,765.00	19,946,727.56	42.79%
Spirits, wines, malt liquors and other beverages	24,051,535.00	11,262,067.45	46.82%
Fibers, vegetables, etc., and manufactures of	30,399,817.00	9,919,212.56	32.63%
Iron and steel, manufactures of	15,153,890.00	3,392,414.42	22.39%

Principal Duty Free Articles Imported in 1915

Coffee	\$106,690,848.00
Hides and skins	104,188,187.00
Indian rubber, gutta percha and substitutes.....	87,122,031.00
Silk, and manufactures of.....	83,401,815.00
Fibers, and manufactures of.....	69,889,492.00
Wool, etc.	67,511,316.00
Wood, and manufactures of.....	56,230,597.00
Chemicals, drugs and dyes.....	49,364,999.00
Copper, and manufactures of.....	31,477,949.00

The Underwood-Simmons Bill, it is true, empowers the President to negotiate reciprocal trade agreements, but where we have nothing to give we cannot hope to secure any advantages from others. The present return from customs revenues, moreover, is inadequate. To meet increased expenses of Government, it is now proposed to increase the duty on certain articles and to impose a duty on others now entering duty free. Our present schedules, together with such changes as may be made in the near future, therefore, must be regarded as a minimum rather than a maximum tariff. Where increased duties are advocated, it is impossible to contemplate reductions from present rates which the negotiation of reciprocity treaties would entail.

REVENUE VS. FOREIGN TRADE

The present agitation for increased duties is apparently being considered without reference to the effect which the alteration of our present schedules may have upon our export trade. It

has been suggested that a duty be placed upon coffee. This would greatly increase our revenues. What effect would it have on our exports to Brazil, from which country we derive our principal coffee supply? By virtue of a Brazilian Executive act we now enjoy a 20 per cent. ad valorem preference on sixteen articles. We have a 30 per cent. preference on flour, which enables us successfully to compete in the northern part of Brazil with Argentine flour, which would otherwise hold a monopoly in the Brazilian market. Brazilian sugar exporters, however, desire to secure the Argentine trade. They advocate the free listing of all flour [nullifying the American preference], in return for an Argentine preference for Brazilian sugar. The imposition of a duty on coffee might—undoubtedly would—lose for our exporters their present preference in Brazil. If such a duty were imposed, however, and rescinded as far as Brazilian coffee was concerned—not only would the breakfast table be free from a burden, but in return Brazil might grant additional concessions to American products. Such an arrangement, moreover, would be reciprocal and permanent rather than resting as it does to-day on the voluntary concession of the Brazilian Executive.

Aside from the arrangements with Brazil above referred to, we have a reciprocity treaty with Cuba. It was recently imperilled by legislation free listing sugar, subsequently revoked. Our Tariff as it stands today, however, is barren of trading margin. The general revenue bill, adopted at the last session of Congress, imposes certain duties upon the importation of aniline products, with a view to protect the aniline dye industry in this country. It also provided for retaliation in case of imposition of export duties by any country, dependency, province, or subdivision of Government upon printing paper, wood pulp, or wood for use in the manufacture of wood pulp.

TARIFF COMMISSION

The general revenue bill of 1916 created a commission to be known as the United States Tariff Commission. Section 704 provides:

"That the commission shall have the power to investigate the Tariff relations between the United States and foreign countries, commercial treaties, preferential provisions, economic alliances, the effect of export bounties and preferential transportation rates. The volume of importations compared with domestic production, consumption and conditions, causes and effects relating to competition of foreign industries with those of the United States, including dumping and cost of production."

This body, while it may furnish the expert knowledge which would be required as the basis for utilizing a bargaining tariff, if one were adopted, has no power to alter the present schedules. This requires Congressional action.

As matters now stand, therefore, there is about to be created a body that will study and report upon tariff conditions. There is the authority for the negotiation of what are in effect reciprocity treaties, but no means whereby reciprocal arrangements may be quickly concluded, nor trading margin to provide for the concessions upon which they would necessarily be based. It is apparently imperative that additional revenue must be secured from the tariff or from other sources.

Since action must be immediate, it is to be hoped that it will be intelligently designed, not only to meet our immediate financial requirements but to serve a broader and more constructive purpose in the maintenance and protection of our foreign trade.

The present situation would seem to be sufficiently defined to warrant a concrete suggestion based on the facts set forth herein and upon what seem to be the inevitable tariff developments in Europe.

Prior to the war, the commercial relations of the great trading nations were, though differing in detail, generally based upon the "most favored nation" principle. The United Kingdom was the great free market with which all nations desired to trade.

The British interpretation of "most favored nation" treatment, under which a concession granted to one nation was ipso facto granted to all having "most favored nation" rights, was generally accepted except by the United States. The American Government has always contended that, despite "favored nation" agreements, special reciprocal concessions imposed no obligation to extend their application to nations not granted similar advantages. Despite this conflict of practice, the United States has in effect enjoyed "most favored nation" treatment from other great trading nations. These arrangements will inevitably be affected by the rupture of the inter-European agreements upon which our "most favored nation" treatment was secured. The present indications are that Europe may abandon its former practice and adopt the American theory of reciprocal concessions. The United States, therefore, will be forced either to enter into preferential or reciprocity arrangements, or to threaten retaliation in case minimum rates are not extended to our products. By virtue of our ante-bellum arrangements, how-

ever, our after-the-war problem will not be to secure fresh concessions either from the nations of Europe or from neutral countries. It will be rather as far as possible to assure the reaffirmation of the old relationships with us, under the new systems which European nations may inaugurate amongst themselves. The American task will be to protect our exports from discrimination under preferential tariffs which may be adopted by the belligerent groups and under reciprocity arrangements which these groups may endeavour to negotiate with neutral nations. Such arrangements may deny to us "favored nation" treatment. This we can secure only by our ability to offer some concession or to threaten retaliation in case our products are discriminated against. To meet such a situation our Government must be able not only to act effectively but to act quickly.

This requires the creation of adequate and flexible tariff machinery. Congressional action is necessary, but Congress, while it must determine the policy to be followed, is by its very organization slow to move. Senators and Representatives have a multiplicity of duties and even the members of the Ways and Means Committee cannot give the constant and consecutive attention to the mere machinery of the tariff, which adequate preparation for the future would seem to require. If Congress, therefore, would adopt its policy and fix certain definite limits within which the Executive should be empowered to act, the difficulties inherent in the situation might be overcome.

CONCLUSION

To secure the desired result, two lines of action are open. Either the general schedules should be increased, in order that concessions thereunder may be offered, or the present schedules, with such changes as may now be made, should serve as a minimum tariff, and provision be made for a graded increase on certain articles to be selected with a view to the balancing of our export and our import trade. The former alternative is manifestly impracticable. Congress, and the country at large, would be reluctant to increase all duties and remove numerous articles from the free list with a view to later granting concessions thereunder. The possibility of concessions under reciprocity arrangements is calculated to create uncertainty in the minds of business men. The second plan, therefore, seems the most feasible. The precedent for such legislation has already been established under previous revenue bills.

The suggested Senate amendment to the Underwood Bill, with certain amplifications, vesting in the President the power to impose a surtax on certain selected articles, or a duty on certain articles ordinarily on the free list, would give both the power to prevent discrimination by the threat of retaliation, and the possibility for quick and effective action.

The adoption of such legislation, the creation of the Tariff commission, the co-ordination of the work of this commission with the Departments of State, Treasury and Commerce, would give us the machinery which is required. If the principle of a bargaining tariff is a sound one, the necessity for the adoption of this principle is immediate. We do not know what the outcome of the European war may be, nor what its effects may be upon the tariff systems of Europe. We do know that these systems will be radically altered and that duties will be largely increased. Our difficulties are in any case sufficiently great. It is folly not to adopt measures which are so obviously calculated to protect our interests.

PRESIDENT JOHNSON: There are two papers offered in discussion of Mr. Straight's very valuable contribution to our knowledge upon the tariff. The first is one prepared by Mr. C. H. Bentley, of the California Packing Association, which will be presented by Mr. Robert Newton Lynch, Vice-President and Manager of the San Francisco Chamber of Commerce; the other will be that of the Honorable W. B. Fleming, Adviser on Commercial Treaties of the Department of State, who will now continue the discussion of Mr. Straight's paper.

FOREIGN TRADE AND THE TARIFF

BY

C. H. BENTLEY

Sales Manager, California Packing Association.

The National Foreign Trade Council has rendered distinguished public service in its effort to take the tariff out of politics. Its contributions to the literature of this much muddled subject have been singularly clear and comprehensive and inspired by worthy purpose and patriotism. This latest expression of Mr. Straight is so timely and so valuable as to warrant its careful study by every one concerned in the prosperity of our country, whatever be his

political faith or his theory as to tariffs, and even if he has no direct interest in foreign trade.

Herr Ballin, Director of the Hamburg-American line of steamships, is reported to have said that one of the main objects of Germany in the present war is to prevent the British Empire from adopting a policy of preferential tariffs; another expression of Germany's demand for her "place in the sun." Economists, historians and statesmen agree that trade and commercial rivalry are at the foundation of war, and it is believed that the great conflict now being waged in Europe has only been delayed during a period of great commercial development and rivalry by the quick and skillful adjustment of French, German and Austrian tariffs.

The prejudice, ignorance and indifference of the average citizen to consideration of our own tariff laws are appalling, particularly when one considers the care and skill exercised by all great commercial nations in the preparation of their tariff laws. The recent economic conference of the Allies, and of the opposing group of nations, must give alarm to thoughtful citizens, quite apart from the merely commercial interest.

EARLY FLEXIBLE TARIFFS

While the foreign trade aspect of tariff legislation has had little attention in recent times, it is an interesting fact that in the very beginning of our history as a nation, there was a determined effort made by Congress, and not without effect, to encourage foreign trade. In 1789, and in the years following, there were provisions for reduced duty on goods imported in American vessels, a bounty on exports of dried and pickled fish and salted provisions, an increase of duty on imports in foreign vessels. In 1815 this discrimination was repealed in direct trade with nations granting *reciprocal* privileges. In subsequent years, these provisions relating to our shipping were modified at various times, but there was the obvious intent of encouraging foreign trade, particularly in the Orient. In 1861 the provision for ninety per cent drawback of duties on re-exports was passed, committing our Government further to the policy of encouraging foreign trade. In 1883 imports were prohibited from nations barring American vessels, excepting where they arrived in American vessels, or in foreign vessels entitled to reciprocity. The McKinley Act in 1890, with its reciprocity provisions, provided for an increase in the percentage of drawback on re-exports. The Wilson Act of 1894 provided for the free listing

of articles used in building or repairing ships engaged in foreign trade. The Dingley Act of 1897 showed an interesting feature in connection with reciprocity, to which later reference will be made. It is assumed that we are all more or less familiar with the later legislation relating to Cuban reciprocity, the provisions of the Payne-Aldrich tariff, and the Underwood tariff under which we are now operating.

It would appear, from a careful study of the history of our legislation calculated to promote foreign trade, that the protective feature has been recognized throughout in the effort to promote the domestic trade, but in later years, to the disadvantage of those interested in exports.

And so Mr. Straight tells us in his convincing style that whatever be one's tariff theory, high or low, for protection or for revenue, Congress should provide a trading margin for the executives to secure concessions and prevent discriminations. In short, we may confidently expect an entire change in the tariff conditions in the belligerent nations after the war, and as these belligerent nations took over seventy-five per cent of our exports prior to the war, we find ourselves confronted with the probable condition of preferential tariffs existing between the nations which have been our best markets; with the further probability of negotiation of reciprocal tariff treaties between these nations and their respective Allies, while we have a fixed schedule and nothing to trade.

In our more recent efforts to develop trade with the Latin-American countries, we find ourselves in the unfortunate position of having opened our doors wide to all of the important products of these countries without securing any consideration in return. It reminds one of the conditions which arose during President Harrison's administration. In 1884 Congress authorized the President to appoint a Commission to conduct hearings in the United States and in the Latin-American countries, hoping to develop more satisfactory trade relations. The Pan-American Conference was called in Washington shortly thereafter, but accomplished little beyond developing the fact that if the United States expected to open the Latin-American countries for our manufacturers, we should be under the necessity of showing more favorable consideration to them. In his Presidential message Mr. Harrison had said, "I deem it proper to call special attention to the fact that eighty-seven per cent of the products of South America are admitted free. The real difficulty in the way of negotiating favorable reciprocal treaties is that

we have given freely so much that would have had value in the mutual concessions which such treaties imply."

BLAINE RECIPROCITY

In advocating the reciprocity features of the McKinley Bill, 1890, Mr. Blaine spoke as follows: "We may decline to enter into reciprocity with another nation because we see no advantage in it. Reciprocity is simply a policy of circumstance, to be determined favorably or adversely, according as its operation may make or lose for us." Mr. Blaine apparently contemplated a series of special bargains made by us, according as our interests might seem to dictate, and apparently did not contemplate a fixed commercial policy. To illustrate the need of a "bargaining" feature of the tariff, as Mr. Straight has described it, it may be interesting to remember that under the provisions of the McKinley Bill numerous reciprocal treaties were partly arranged with Latin-American countries, and indeed were negotiated with Germany and Austria as they wished to sell us sugar. These treaties failed confirmation in the Senate. With the Wilson Tariff of 1894, duty was levied on sugar, presumably for revenue, and in this way the basis for reciprocity treaties was removed. Germany immediately resented this tariff on sugar and retaliated, not only by putting higher tariffs on our products, but by restrictive legislation affecting American insurance companies doing business in Germany, and by so-called sanitary legislation calculated to discredit and restrict the importation of the packing-house products of this country.

While in some respects the Dingley Act was less advanced in its reciprocity provisions than the McKinley Tariff, it had an interesting feature which may be of special interest for us to consider. This arises from the fact that it proposed to give the President authority to negotiate tariff treaties with foreign countries showing us concessions, with twenty percent reduction in our tariffs for five years, all such treaties to be subject to ratification by Congress. But this valuable suggestion was cut out of the bill by the Senate.

KASSON TREATIES

The passage of the Dingley Bill gave great offense to the European nations. The maximum and minimum system was then in effect in France, Spain, Russia, Greece and Norway. Austria actually proposed a commercial alliance with European nations against

the commerce of the United States. Germany, Austria, Switzerland and Belgium had commercial treaties which virtually made them a customs union, and their foreign trade policy was apparently arranged on a treaty basis, leaving it to their executive officers to make bargains, with comparatively little difficulty in securing ratifications of such bargains by the legislative bodies. It was at this time that Mr. Kasson was appointed to negotiate the reciprocal treaties under the Dingley Tariff, and it is a significant fact that while these treaties were vigorously opposed by certain protected interests, there was a strong movement, particularly on the part of iron and steel interests, favoring these treaties, with the very argument that foreign markets could only be opened for our surplus manufactures by concessions of this kind.

In any study of the tariff and reciprocity movement it is obvious that such conflict of interest will arise, but these interests are not identified with any particular party or political faith, or with any particular section of the country. Manufacturers enjoying protection will naturally oppose any change in the conditions, while exporters seeking foreign trade look upon such tariff treaties as the only possible relief to the ever-increasing surplus of manufactures. The ratification of reciprocal treaties, as Prof. Laughlin says, "becomes a battle of special interests and is demoralizing to the legislative body."

While there have been advocates of a maximum and minimum tariff in our own country, it is obvious that this system would not work out to good advantage, for the reason that if a treaty were negotiated on the basis of a minimum tariff previously adopted by Congress, it would still be necessary to have the treaty ratified by a two-thirds vote of the Senate, and while the extension of our minimum tariff to all countries granting us similar concession would probably give us the benefit of a *general* minimum schedule of these foreign countries, we would not be able to secure from various nations concessions to which we might be entitled on products for which there might be no conventional or minimum rates in the tariffs of these corresponding countries. The treaty or bargaining method practically adopted by Germany, and followed by many other progressive nations, enables each country to negotiate for reductions in the certain few products in which they are particularly interested. As a rule, this list is comparatively small and each country naturally tries to make the best bargain, giving the least concessions and obtaining the most favorable terms for its own products. But they are much more likely to reach a satisfactory compromise

than under the French or dual system. Under the German system specific rates of duty are given and remain fixed during the life of the treaty. The stability thereby secured is helpful to proper trade development. It would be difficult, of course, to apply either of these methods in our own country because of the great delay in securing the ratification of any treaty. The Senate is not only conservative, but a two-thirds vote is required, and in the case of any treaty involving customs, the House of Representatives would also have to pass on it. A corresponding treaty in Germany would only have to secure a bare majority in the Reichstag, and this body is quite as responsive to its constituency as is our House of Representatives.

SPECIALIZATION OF TARIFFS

The accurate classification of the German tariffs is another desirable feature, only made possible by their expert tariff commission which labored so long and so intelligently in its formation, and while the encouragement given to shipping and other features of the foreign trade were important factors, the German tariff accounts to a considerable degree for the great commercial development of the German Empire, and for the fact that at the time of the outbreak of the war, Germany, though smaller in area and population, was actually exporting more manufactured products than was the United States. To illustrate the flexibility of the German tariff, it may be of interest to show how Germany was able to secure much desired reductions in the tariffs on some of her products shipped to Japan in return for reductions on a few peculiarly Japanese products. As has been pointed out in a report of the United States Department of Commerce, these items were so carefully defined that while in theory the reduced rates are applicable to imports from all most favored nations, in practice few, if any, articles manufactured outside of Japan can fulfill the conditions. Japanese terms are used to define many of the products.

Mr. Straight says well that international trade is essentially an exchange of goods, and that we cannot hope to continue selling three billion dollars' worth more of goods than we buy; but he would not have this interpreted too narrowly, for it is obvious that the extent of buying from a given nation will not necessarily determine the volume of our sales to that particular country. For example, we buy more from Brazil than from Argentina, but we sell much more to Argentina than to Brazil. For many years we have bought

more from Brazil than did Great Britain, and yet up to 1912 Great Britain sold Brazil much more than did the United States. Up to the outbreak of the war Germany bought about one-third as much as did the United States from Brazil, but was selling them much more than did the United States. Mr. Tower has contributed an interesting article in the *Journal of Political Economy* of a recent issue in which he shows that while *our purchases* from Argentina, Brazil, Chile and Venezuela have increased in recent years, and were greater than those of Germany, on the other hand, *Germany's sales* to these countries had increased more rapidly than ours and were indeed much greater.

As our recent voluntary extension of the free list has brought about no similar act on the part of the important commercial nations, we are forced to the conclusion that the tariff must be considered not merely from the standpoint of revenue or of protection, but with reference to its effect on both foreign and domestic trade, and in the light of prospective European tariff policies, for it is likely that this aspect of the tariff will be the most important for the future prosperity of our country, if not for its very peace and social well-being. Ninety-five percent of the imports from South America are free-listed, while in all of these countries high and almost prohibitive duties are levied on many of the important products of this country. It is obvious, therefore, that Congress should provide the permanent machinery for bargaining or negotiating with these countries without disturbing the whole tariff system.

EXECUTIVE AUTHORIZATIONS

In this connection, it will be important to consider again the third phase of the Dingley Tariff, which seems to meet the present conditions better than the reciprocity features of more recent tariff legislation. While the reciprocity feature of the Dingley Tariff was defeated in the Senate, the original reading of the bill provided that "for purposes of equalizing the trade of the United States with foreign countries, the President be authorized to enter into negotiations with the governments of these countries with a view to the arrangement of commercial agreements in which reciprocal and equivalent concessions may be secured in favor of the products and manufactures of the United States, and whenever the government of any country or colony shall enter into a commercial agreement with the United States, or make concessions in favor of the products or manufactures thereof, which in the judgment of the President shall

be reciprocal and equivalent, he shall be, and he is hereby authorized and empowered to suspend during the time of such agreement or concession, by proclamation to that effect, the imposition and collection of the duties mentioned in this act on such article or articles so exported to the United States from such country or colony, and thereupon and thereafter the duties levied, collected and paid upon such article or articles shall be as follows, viz.:" The list of articles upon which the President was authorized to make these reductions is very small, including argols, brandies, wines, paintings and statuary, but it is believed that if this section were developed so as to include articles of more general interest to other countries, the Executive would be enabled to deal more successfully in reaching trade agreements of far-reaching value to the United States, without the necessity of ratification by Congress, as he would be able to change the concessions within the limits fixed by Congress as the negotiations with individual countries might suggest, and in this way we could secure the benefit of the flexible character of the German tariff. Inasmuch as Congress would determine the limits of possible reductions, it is believed that it would not lose the responsibility and the prerogative which rests upon it of controlling the customs and revenues. It would seem easier to carry through such an act of Congress than to secure the confirmation of treaties, as in the former case only a bare majority would be required.

ECONOMIC ALLIANCES

The Economic Alliance of the Allies, held in Paris during June last, contemplated a system of preferential tariffs. It will probably be necessary for the United Kingdom to put tariffs on goods now admitted free so that she will be enabled to negotiate preferential treatment. In this event she will be able to extract concessions which she cannot otherwise secure. One source of protection against such high tariffs, looking at it from the point of view of our country, seems to be the fact that Great Britain will probably require our foodstuffs, although, as Mr. Straight says, "our purchasing power will be our first line of defense." In this connection it will be interesting to observe what the attitude of the Entente Allies will be towards the United States if we treat Germany as well as we treat them, and what Russia will do with her surplus foodstuffs if the important markets of Germany, her former buyer, are closed to her.

BELLIGERENT RESTRICTION OF TRADE

There are those who object to foreign trade treaties as entanglements likely to involve us in friction and trouble, but they are apparently blind to the fact that we are already entangled, whether we will or no. The fact is that exporters of this country at the present time are unable to do business with neutral nations, not only those in the war zone but indeed with merchants in some of the countries of our own continent. San Francisco merchants have been unable to ship coffee bags to Central America because Great Britain controls the jute and will not supply it to firms who propose shipping the bags to coffee merchants in Central America. An American ship flying the American flag is reported to have refused certain cargo from a Central American country because it was consigned to a certain long established firm in another Latin-American country. Considerations of this kind show the inter-dependence of nations and the necessity for *avoiding* trouble by intelligent study and provision of trade treaties. Mr. William English Walling has contributed an interesting article in a recent number of *The Annals of the American Academy of Political and Social Science*, entitled, "The Prospects for Economic Internationalism." Based on the premise that military conflicts arise from economic conditions, he urges that we must strive for economic peace. Great Britain, as the only important free trade country, may temporarily abandon her free trade principle and thereby have something to offer all other nations. If she uses this opportunity to secure tariff reductions there will be a net gain for trade peace, provided she will enter into reciprocity treaties with nations having the larger part of the world trade. It is his opinion that a world wide system of international reciprocity treaties would make war highly improbable, and that *the league to enforce peace should be an economic league*. Such tariff treaties would represent really a lessening of trade war and a gradual enlargement of the areas of trade peace. The enlargement of trade areas, like the enlargement of industrial units, is the very measure of progress, and while, as Mr. Straight says, our problem after the war will be to prevent discriminations against our products, either from belligerents directly, or in their reciprocal treaties with neutral nations, if Congress will provide the flexible tariff machinery, we shall not only better ensure prosperity within our own country, influencing our domestic as well as our foreign trade, but we shall be able to avoid causes for friction and entanglements with other nations.

COMMERCIAL TREATIES AND FOREIGN TRADE

BY

HON. W. B. FLEMING

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Gentlemen of the Convention: There is a slight misunderstanding in regard to my "paper." The first I knew I was expected to take any formal part in this or any other discussion in this body was after I had reached the hall. Fortunately, I had made a few notes in view of their utilization in the discussion under the five-minute rule which may come to my aid just now; but any remarks that I may make in connection with the subject must be largely impromptu.

Gentlemen, it is with some embarrassment that I undertake to add anything to the papers already presented upon this subject, and especially Mr. Straight's paper, which we have heard in full. Mr. Straight shows such a comprehensive knowledge of the subject, such thorough familiarity with the laws and policies, not only of this country, but of foreign countries, and has exercised such wise judgment and been so practical in his conclusions, that it might seem idle for me to attempt to add a word to what he has so admirably said. The most I can expect to do is to emphasize a few things that have been said.

Gentlemen, if you are to realize your motto, "Greater Prosperity Through Greater Foreign Trade," and that I know from the magnitude and quality of this Convention you are determined to do, it is necessary for us to do three things: We must have a merchant marine (applause), and whatever unreasonable obstacles stand in the way of that accomplishment must be removed. (Applause.) In the second place, we must finance foreign countries and foster American investments in those countries. (Applause.) Trade follows the flag and trade follows investments. (Applause.) But, gentlemen, if we accomplish both of those things—and we must accomplish both—we must do a third thing—we must be able to take care of our interests by the negotiation of proper commercial treaties. (Applause.) Mr. Straight has rendered a service to this body and to the public and to the Government by calling your attention to this. The more his paper is considered, the better it will be appreciated, and the clearer idea you will have of

the force of his suggestions, and as the developments of the future occur in the Congress and abroad you will realize more and more the significance of his utterance.

Now, gentlemen, in regard to the subject of commercial treaties, you will understand that this subject has not received the consideration by the Congress and the statesmen of this country that it must hereafter receive. When President Harrison presided over the destinies of this country, the subject came up and something was done in that direction under the McKinley bill; and when Mr. McKinley became President, under the Dingley Bill much more was done; and then the wave of reciprocity seemed to recede. The reason this subject has not received more consideration in the past is, first, that until in recent years we had a home market which practically occupied our manufacturers. I need not stop to read you statistics to show you how that market has grown until we have come to the point where we must find a sale abroad for our surplus products. We are up against that now. I understand, Mr. Chairman, that a number of our big manufacturers, in normal times, can produce enough to supply the home market in seven months. If you are to keep the labor and capital of those institutions occupied for the other five months, you must have foreign markets. This problem will be all the more serious when the European war comes to an end.

THE NEW ORDER.

Another reason for the non-interest in this important question up to the present time is that the policies of foreign nations were different from what they are going to be, as has been well pointed out by Mr. Straight. Heretofore we have been able, under the legislation we have had, to maintain our rights substantially and protect ourselves against discrimination by reason of the "favored nation" clause which generally obtained in commercial treaties and the European construction of this clause; but Europe is changing her idea about that clause and about tariff policies in general as you can see from the paper presented by Mr. Straight, who knows what he is talking about. We are going to be up against a new order of things, and must place ourselves in a position to meet retaliatory and discriminatory legislation. We must be prepared, gentlemen, for "the war after the war," and it is up to the business men of this country, and to the public, and to the Government to see that proper steps are taken for the necessary preparedness.

Mr. Chairman, perhaps I am occupying too much time. I shall

endeavor to summarize what I have in mind. Under the Underwood Bill, as already pointed out, you can only reduce tariffs; you have no power to raise them; and it must be remembered that Europe has the power to raise. Nearly all of the great countries of the world have the power to raise, and we do not have that power as the law now stands and must negotiate our new treaties under the Underwood Bill as it is, unless we have supplementary legislation. The question of what shall be done in this respect is a very important question for the consideration of this body and of the American people.

CO-OPERATION OF BUSINESS MEN.

Now, I do want to say that as far as the concrete suggestions made by Mr. Straight are concerned, I am not authorized to speak for the Department. I do not know what the policy of the Department is in that regard. But I do know this, gentlemen, I know there should be enlightenment, and I do know that the Foreign Trade Council and these Foreign Trade Conventions have been studying this and the allied subjects, and that the knowledge and information they have and the interests at stake should be considered by the Government of the United States, and should have their proper influence in determining the policies of the Government. Why, gentlemen, such cooperation between the Government and business is absolutely necessary. The recent organization of the Industrial German Council for the purpose of cooperation with the German government, and similar organizations in the Allied countries, suggest the necessity of like cooperation in the United States; and in view of the "war after the war," it is all the more important that this cooperation should be had and that it should extend not only to one branch of the Government, but to all branches of the Government, including the State Department. For you must remember this: the State Department is our Department of Foreign Affairs; it is that Department which receives the commercial reports of our consuls, ministers and ambassadors, and it is the duty of the Executive, assisted by the Department of State, to advise the Congress from time to time of the commercial information which is received by the Department and to recommend what action should be taken thereon. I repeat, therefore, that cordial cooperation should be had between business and the various Government agencies, and that the Governmental agencies should also cooperate with one another, with emphasis on the State Depart-

ment, for the reason that the State Department must negotiate the commercial treaties as the agent of the Government. To this end the Government should have the benefit of the advice of the American business organizations and their experts. The Departments of Foreign Affairs of England and France are in close touch with the business interests of those countries. Germany is in even closer touch with hers. There should be like harmony between the American business men on the one side and the Government of the United States on the other. It does not follow from this that the Government must necessarily adopt all the policies or views of the business men. The Government must necessarily adopt its own policies. It remains, however, that much valuable information can be given to the Government by the business men and others; and that within certain limits there is a unity of interest and to the extent that this unity exists there should be cooperation and "a long pull, a strong pull and a pull all together." (Applause.) This is absolutely essential if we are to protect and enlarge our foreign trade.

Now, gentlemen, one other thought. It seems to me that strong effort should be made along the lines suggested by Mr. Straight's paper, and particularly in this respect: that is, that the effort should be to get such modification of the law as will enable the Executive, under the limitations imposed by Congress, to make the treaties, when negotiated, *conclusive*, without their being referred back to Congress. You will find, in almost every instance where the approval of Congress has been required of commercial treaties, the treaties have failed. It was so in our treaties with Mexico of 1859 and 1883; in our treaty with the Zollverein of 1844; with the Kasson treaties. It was so with other treaties, and so it will be in the future. Therefore, let Congress fix the limitations; say how much we can raise, how much we can lower the tariffs; determine the general policy and the limitations, and leave the rest to the President, so that he may be able, under these limitations, to execute the will of Congress without delay,—as Mr. Straight said, "quickly and effectively."

STATE DEPARTMENT ACTIVITIES.

Now, there was still another thought in my mind, and that is that perhaps there is some misunderstanding on the part of the business men as to what the Department is doing with regard to "preparedness" in this respect. I see in this document, "World Trade Conditions After the War," a statement that the State Department

should immediately provide increased resources for the study of the entire treaty situation. That is absolutely true; there should be an increased force, but you might infer that the State Department has perhaps been indifferent to the subject. On the contrary, the present Secretary of State, Mr. Lansing, saw the necessity of this study, and about a year ago organized a special bureau charged with that special duty, and that bureau is known as the "Office of the Adviser on Commercial Treaties."

You have your avenues of approach to the State Department, gentlemen, in every direction. The door is open to you, I am sure, as far as the Secretary and the Assistant Secretaries are concerned, and I know it is open to you so far as the office of the Adviser on Commercial Treaties is concerned; and speaking for myself, I invite all the cooperation that you can give, all the assistance you can give, all the information you can give. That office has been busy now for a year, and it has gone over a great deal of ground, and, in a way, accomplished a great deal; but there remains so much more to accomplish, that I feel, with all that has been done, we have done but little more than pick up a few pebbles on the beach, while the great ocean lies spread out before us. (Applause.)

Gentlemen, from what I have seen and know of the National Foreign Trade Council and the four annual conventions called by it and the great work which has been done, is doing, and will continue to be done, and the broad, nonpartisan and patriotic spirit everywhere manifested, I feel that the country owes a debt of gratitude to Mr. Farrell and his coadjutors.

With the close of the European War the world will enter upon a new era and new and grave problems will confront us. In the rivalry which confronts us the utmost tact and wisdom will be required. The interests at stake are tremendous. The responsibility resting upon our financial and business interests and the Government is indeed great. The make-up and spirit of this Convention show that the country is awakening to the gravity of the situation. I have never witnessed an assembly of bigger men and I have never seen men more deadily in earnest than those gathered here. Who can doubt that great and far-reaching good will result, not only as far as commercial treaties are concerned, but also the other important problems with which you are dealing?

PRESIDENT JOHNSON: One or two gentlemen have indicated a desire to make some remarks in regard to Mr. Straight's paper, but our time is going so fast that I shall ask them to reserve any-

thing they may have to say for the Group Sessions. We will now listen to a paper upon the subject of "The Farmer and Foreign Trade," by Mr. B. F. Harris, of Champaign, Ill.

THE FARMER AND FOREIGN TRADE

(The World Market for Agricultural Products)

BY

B. F. HARRIS

President, First National Bank, Champaign, Ill.

Since the coming of the European cataclysm, several saving shibboleths have been submitted, yet—as an Illinois corn-belt farmer, I venture to offer TRANSPORTATION, TRADE and THRIFT—the trinity of T's, under whose sign we, ALL of us—farmers, manufacturers, producers and consumers, labor and capital, town and country, will conquer.

Nor would I have you say that it smacks too much of the mercenary or lacks in true American ideals, for—now, more than ever, do we need something besides the dollar to save us from failure.

TRANSPORTATION.—Good roads from the remotest farm and by-way, where commerce begins, to the station; on to tide water via railways with a maximum development of facilities and terminals, with state handicaps displaced by complete federal regulation; thence on American "bottoms," under and worthy of the stars and stripes, to the uttermost ends of the earth, will prevent us from "living to ourselves alone, or by bread alone;" will spur the ambition and widen the vision, particularly of that greater half of our population—the rural half—for development travels in the wake of transportation and communication.

TRADE—that should give to the inseparable interests of capital and labor the widest field and market at home and abroad, with little let or hindrance; stabilized by broadest diversification encouraging individual initiative and unit of production; Federal encouragement and incorporations; better marketing with less waste between producer and consumer; tariffs not necessarily "high" or "low," not "protective" or "revenue only," but for business getting and national development and financed by American branch banks.

THRIFT—that prime virtue that, with care and pru-

dence, would manage and conserve our individual and collective resources, exhibiting equal efficiency in our executive and legislative foresight; THRIFT, that no more means penny-wise saving than profligate spending; THRIFT, that decadent American virtue, that virtue of virile men who made America great a century before she grew rich and soft; THRIFT, that makes more and better home owners—for homes make patriots and real government.

NO SPOKESMAN

So vast and varied and unorganized is our farming population that no man or organization holds a brief for it, yet many presume to. I make no such presumption, yet I would speak as a farmer to farmers—to the millions at home as well as those here represented—for the effort has here been made, as it must be made in every national gathering concerned with the nation's interests, to have the big business of farming represented alongside of every other big business.

Farming is a life as well as an industry—farmers are compelled to live with their business as are scarcely any other class of men;—they attend and have to attend to the home end of their business in season and out, early and late, as do no other set of men, and with great isolation from all the rest. Isolation as well from many matters of government and legislation as from the markets beyond the nearest station—with which, unfortunately, they usually permit their transactions and their aggressive interest to terminate. No longer can the farmer be “isolated,” for he is now a citizen of a world power with new and serious duties.

OUR INTEREST IN “ABROAD”

Considering that agricultural products in the fiscal year ended June 30th, 1914, one month before the European war began, comprised 47.8 per cent of all our exports, and 48.8 per cent of our imports, it would seem that the farmers should have the interests of our foreign trade closer at heart than any other class of men. As a matter of fact, the farmers are conspicuous for their indifference to foreign trade; they are somewhat like the legislator who once exclaimed in Congress, “What have we got to do with abroad?”

The war has taught us what we have “to do with abroad,” and at least two great classes of our farmers have had their eyes opened,

where before there was little interest in such matters or in international affairs.

With the outbreak of the war the price of cotton faded away below the cost of production; there was almost no market, and the South faced ruin—and merchants and bankers in their section were scarcely less affected. This, all because so large a proportion of cotton goes abroad, because that market was suddenly cut off and partly cut off because we had no shipping of our own.

On the other hand, another great agricultural section—the wheat and corn belts—found bumper crops demanded at record prices, because the similar sections abroad had been suddenly cut off from usual Western Europe markets.

Can this great object lesson, at first so costly to one section and finally so profitable to both sections, fail to enlist farmers in a campaign for “greater prosperity through greater foreign trade?” If that be not lesson enough, then the talk of the cheap politician—heedless of cause and effect, and the great laws governing food production and distribution, who would place an embargo on export of farm stuffs—should arouse the farmer—and it has.

ECONOMIC ILLITERATES

Mr. Vanderlip recently told us, properly, that “we are a country of economic illiterates,” and that he “knew of no illiteracy more dangerous to the welfare of the commonwealth.”

It is particularly true that we farmers are economic illiterates in production and distribution, and while no more so than is labor, the farmer, unfortunately, has less sense of cooperation, organization and self-protection, though apparently a better sense of citizenship.

For fifty years the farmer has been feeding the people of the United States at less than the cost of production, throwing in his, and his children's, and the nation's birthright of soil fertility.

He is the solitary producer who has no voice, and though properly rebellious has in no successfully organized or concerted manner sought voice in the pricing of his products, and those who set the prices for him know little and care less as to the actual cost of production, nor of the wastes that lie between.

High prices do not represent the “farmer's greed,” for he is almost an innocent bystander, buffeted by seasons and market-makers, his share of what the consumer pays sometimes looking like “30 cents,” and not infrequently he works 16 hours to provide food

for the 8 hour fellows. He is not a tradesman and cooperative plans with government help in stabilizing market situations are required.

CHANGING FIGURES IN FOREIGN TRADE

In the decades 1870 to 1914, while value of foodstuffs exported doubled, the percentage of foodstuffs exported to our total exports started with 39.41 per cent, rose in the 80's to 44.85 per cent, then gradually decreased to 19.78 per cent.

In the same period, while the values imported more than doubled, and increased 10 per cent over exports, the percentage of foodstuffs imported to total imports decreased from 37.03 per cent to 23.05 per cent.

Meanwhile, whereas the value of manufactures imported increased three-fold, yet the percentage to total imports decreased—the value of raw materials imported increasing eight-fold.

Our percentage of manufactures exported to total exports jumped from 20.35 per cent to 46.74 per cent, increasing nine-fold in value, iron and steel gaining 956 per cent.

At the beginning of the century, 1901-1903, we were annually exporting foodstuffs valued at \$522,000,000, and buying foods valued at \$235,000,000; but, ten years later, our purchases had risen to \$411,000,000 and our sales had fallen to \$455,000,000. As values have increased, the bushel decline in exports is relatively larger than the dollars indicate.

Every item of our whole list of exports for the three years 1911-13, compared with years 1901-03, increased except in agricultural products, and every one of these decreased except lard, oleo, oils, fruits, nuts, fish, oil cakes, and cotton-seed and flax meals, and these are comparatively new and relatively negligible in the great totals.

Every single item of our imports, agricultural and all, has increased without a single exception in the entire list, except iron and steel and manufactured silks and woolens.

The farmer hasn't studied or had these figures grouped and brought to his attention, and if he had, these declines in food exports might startle him, but, like some of our statisticians, because he sees prices and total crop figures double, he fails to note declining exports of foodstuffs, meats, dairy products and cattle, and overlooks his decreasing acre yields and our 75 per cent increase in imports of foodstuffs and 85 per cent in skins and hides. This results from our great industrial development which we should balance up

by working to make this country self-sufficing, at least so far as food production is concerned.

FARM PRODUCTION NOT KEEPING PACE

Secretary of Agriculture Houston just reports that in the last fifteen years the per capita production of the leading food commodities, meat and dairy products excepted, has kept pace with an increase in population amounting to 33 per cent. Meat having fallen from 248 to 219 pounds, and milk from 95 to 75 gallons per capita; meat and dairy products being 37 per cent and grain 31 per cent of the average diet. Increased acreage and use of machinery, not increased acre yields, has enabled us to barely keep pace.

I cannot agree with the Secretary in that this is a matter of "congratulation" for, while population has increased 33 per cent, increased acreage brought under cultivation has increased 25 per cent, and general production, other than agricultural, has increased 3 times faster than population.

In the last census decade acreage in cereal crops increased 3.5 per cent, but crop production only 1.7 per cent. The per capita corn production for the last four census years was 35, 34, 35, 28 bushels respectively, and the average acre yields 29.4, 28.1 and 25.9 bushels. The last census shows only 11.7 per cent increase in cotton production on an acreage increased 32 per cent. Wheat shows the same general trend—all yields not holding their own, much less "keeping pace," all meaning that cost of food is to be higher if we don't increase our acre yields and cut down costs of marketing.

What a fine task for our farm boys—they must "stick to the farm"—in them lies our hope.

Does the man get ahead, does he even "keep pace;" is the economic situation sound, if his family grows as fast as he can get breadstuffs from waning fertility, with less meat and milk, and a steadily increasing cost in all the other necessities he must buy?

DWINDLING EXPORTS

For the three years 1912-1914, we exported 1.3 per cent of our corn production, our corn export averaging 28 millions annually—or about twice what my home county produces, and estimated to be about one-fourth the amount fed to our poultry—and we were infinitely better off, producer and consumer, if we fed it all to more farm animals, and we would if markets were more stable and in line with costs.

Our wheat and flour exports are equivalent to about 165 million bushels, and 12 per cent duty from Canada gives us protection there. We will continue to produce and export wheat (with its 25 cents a bushel of soil fertility) beyond the time when we shall cease to produce corn enough for our own needs, unless the South develops a corn production beyond expectation.

We have a great export of cotton which the world wants, but happily we are fast gaining in its home manufacture.

We farmers are annually importing four times the breeding stock we export, and this must change.

Likewise we import five times the dairy products we export, and this too should decrease, and will, particularly when permanent roads, the country's crying need, will make dairying more general by giving it the daily outlet it needs.

NOT SUPPLYING OUR HOME NEEDS

The Secretary of Agriculture points out that if only one-fourth of the farms not now supporting sheep sustained one for each three acres, we would not be importing 300 million pounds of wool annually.

So also we farmers could do much more in vegetables, fruits, nuts, oils, seeds, etc., of which we import large quantities, and our marketing system is more at fault in many of these matters than any tariffs or lack of tariffs.

In 1870 we exported 57 million pounds of cheese, which increased to 148 million in 1881 and dropped to 2½ million in 1914; whereas we imported 2⅓ million in 1870 and 64 million pounds in 1914.

On the other hand, the season's beet sugar production here of 918,800 tons from 680,000 acres, was the largest ever recorded, and exports of refined sugar 26 times more than in 1913.

It would appear that most lines of industry, methods and men have advanced production and lowered cost, except the farmer, who is standing almost still, and the stiller he stands the higher the cost of living and the lower his soil fertility. Building up soil fertility will build up yields and pull down costs, giving the farmer more profit on what would cost the consumer less money, if the middle man also does his part.

We have as good or better land, tools, soil, and brains as has Europe, and better paid labor and living conditions that should justify itself with an enlarged volume of production, which, like

widening our markets, becomes a matter of serious national concern.

Abraham Lincoln brought out that point when he asked, "Will it require more labor to produce 50 bushels of wheat from one acre than from 5?" The successful manufacturer has profited by this fundamental idea—as has also the successful farmer.

As a keen farmer-observer recently wrote me: "Somehow, sooner or later, real thrift must come into farm practice. If I'm a judge, the present time is most auspicious for crowding the mourners' bench and making thorough converts. The extraordinary conditions of the last two years have jarred us farmers out of our old-time fixed habits of thought and behavior. You might say that our minds have been thoroughly sub-soiled by the conditions of these war years. Given the right impulse, we are just about ready for the job of plowing under a lot of the rubbish of old usages and old ways of reasoning. There never was a better time for getting our farmers to think in terms of thrift."

HOME MARKET FARMER'S SLOGAN

This data all goes to show that, aside from the farmer's still large, though relatively decreasing exports to grand total, and the outstanding fact that greatly increasing imports of food products have not hurt him—his active interest, and that of all of us, lies in seeing the enormous development of our great industries put on a larger and wider and more permanent export basis, which might simultaneously help agriculture. This because:

FIRST, this great growing foreign trade of ours is employing such increasingly larger numbers and percentages of our population, and at such wages that we use more and more of our farm products at home.

SECOND, our increasing foreign trade tremendously increases the general stability of home business conditions, and the greater the diversity and the wider the distribution of our foreign shipments, the greater the average stability and dependability of our production, consumption, and whole economic and social life.

LABOR'S PART

But such a successful development presupposes a national unity and solidarity such as we do not have. There is a point, in the swing from agricultural to industrial development, where we must stop to consider the national needs, as well as the relative rights and advantages of each. We are getting quite near that point, sometimes

referred to as "H. C. L." where it punctures through the public welfare and becomes the limiting factor in any plans for extending trade. It is the question of labor—and its willingness as much as its wage. The present attitude of organized labor is to increase wages and reduce production; meaning increased cost and increasing inability to stand unaided against world-trade. All this reacts on farm production and every phase of life till even the farmer feels that smaller crop production brings bigger prices. Soaring wages drain labor from the farms, reducing production and increasing cost. If farmers paid the lowest scale of any union the cost of food would double and labor would be hoist by its own petard. Farmers cannot strike—they must sow and reap, but, when labor's scarcity or wage or the instability of central market prices becomes unreasonable, the farmer is forced to curtail, and he does.

Failure to protect farm production from serious competition means cheaper food, a decline in production and farm population and the consequent upbuilding of cities and industries. Reversing the situation usually slows up industrial development. You cannot appeal to farmers as patriots to produce large crops merely for the fun of it;—rather the patriotism must come from the nation with the stimulation of stable and remunerative markets, and this is the only means of bringing large production of any kind. Some 35 years since Germany felt justified in stimulating her farming by putting a six cents a bushel tax on rye imports, and in 20 years the tax grew to 30 cents and covered more products. In this way she increased her cultivated acreage and kept half her population on her farms, and she feeds herself through a war blockade. England free-traded, thus she farms fifty per cent less land than formerly and four-fifths her population is in her cities.

Germany has shown a remarkable development and balance in and between agriculture and manufacturing—because she gave equal thought to both.

Whether she was governed by real economic or preparedness motives or the war party traded protection to the farmers for army and navy support, is another question.

We must remember, too, that in the United States only 32.5 per cent—and the percentage is decreasing—of persons in all occupations are farmers;—that no large country has fewer farmers except Argentine. Germany has 34 per cent, France 42, Italy 58, and Canada with only 2.6 per cent productive land has 39 per cent farmers.

Diversified manufacturing agriculture and markets means exactly the same thing to trade and business stability and prosperity that diversified farming means to soil fertility and farm profit.

THE GREAT AND NECESSARY ECONOMIC CHANGE

The time has arrived when we are ceasing to build up or even maintain this country by its natural products, or even by its partly manufactured materials, as in farm crops, ores and other raw materials.

In the president's address to the Illinois Bankers' Association in 1912, I suggested that "We have passed the exploitation period in this country and have been all too slow in comprehending or acting upon the necessity for the various conservations.

"Even more, we have reached the stage where we must begin the work of secondary conservations, more especially accomplished through secondary manufactures. We must change the industries of our cities as well as the methods of our farming sections, in order that we may henceforth sell labor rather than natural wealth—if labor will cooperate.

"America has been likened to a huge stevedore or senseless slave, bearing down to the ship of the sea our crude or semi-crude materials for use by the capital, labor and cleverer intelligence of foreign nations. Such exportations are a depletion of our natural resources, robbing ourselves in a few years of the irreplaceable heritage of the ages—showing our lack of study and statesmanship.

"The creation, through more modern school methods, with technical and industrial training of a great army of skilled and trade-taught Americans will enable us to sell a minimum of natural values with a maximum of our skilled labor adding fifty or an hundred-fold, and the extent to which we increase this and all our efficiencies will measure the degree of our progress and prosperity, for we are barely peeping through the portals of our possibilities."

A purely agricultural community must realize that it has an interest in the development of foreign trade as real as that of the great food consuming, industrial producing centers, and as these centers should have in farm methods and welfare, for capital and labor, agriculture and industry everywhere, depend upon each other and sound finance and economic principles for any worth while success. We are rapidly becoming a creditor nation, we cannot sell without buying, and as our foreign banking and investments and

shipping increase, so will our trade, and that means, eventually, more imports than exports.

We farmers and all the rest must have our awakening—our whole industrial and agricultural life is metamorphosing; a new world is being born—we do not stand where our fathers stood, nor where we stood less than 3 years ago. We must learn again what “E pluribus unum” means; inland or tide-water or borderland—there can be no isolation among us;—in thought, in spirit, in devotion to the national welfare, there must be national unity and co-operation.

BUT WHAT OF THE AFTER WAR PROBLEM?

So much for the general or normal situation; but what of the war and the “war after the war?” War has made us, in effect, a highly protected country—making us the chief source of supply with all the world begging to buy of us;—we are living in abnormal conditions—a fool’s paradise.

With farm products predominating, our exports have been doubling, and almost any month’s favorable trade balance now is greater than that of the entire year of either 1909 or 1910, and equal to 1914, with exports fifteen times greater than imports.

In spite of these great totals, and the fact that our farmers should be raising more of our needs in these lines, they probably know less and care less about shipping, rates of exchange and foreign tariffs than any other class of American citizens. For this seemingly strange condition there is a logical explanation. Agricultural products have not been exported by the farmer. They have practically sold themselves. The foreign consumer has come here and bought grains, cotton, fruits, dairy products and many other articles, and has taken them away usually in his own ships. So far as the farmer is concerned, he sells these things for export in precisely the same manner that he does the same things destined for domestic consumption, and he gives no thought whether they are to be consumed in Buffalo or Belfast. Others intervene and attend to ocean transportation, foreign payment, insurance, etc. Our agricultural surplus has found ready sale in the free-trade market of the United Kingdom on a basis of complete equality with the products of other agricultural nations, some of which have cheaper agricultural labor than obtains in the United States, but none of which, except Canada, are so near to the European centers of consumption.

WORKS BOTH WAYS AND NOT UNMIXED BLESSING

In normal times, ocean rates on grain are not high where there is plenty of shipping—thus, grain moves easily from the point of surplus to the point of demand. A difference, therefore, of a few cents a bushel, if constant, may swing the grain buying from one continent to another. Thus, if we are to find foreign market for farm products, we must compete with Argentina, Russia, and other countries, and so must have as good shipping service as theirs.

Such shipping service, however, will not come along because of demand for space from grain growers, but only through steady expansion of our export trade as a whole. If ships come here for farm products, they bring a cargo of some character, or if they start from here with farm products, they must bring a "back" load.

In other words, the rule works both ways;—if the world is to be the market of the American farmer, so also is the world, including the United States, the market for Argentina, Russia, etc. Thus trade, or foreign trade, may not be an unmixed blessing.

The following figures will show how little our farmers, as a whole, have to fear from competition:

CORN							
1912		1913		1914		1915	
Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
47,936	28,957,450	491,079	28,800,544	7,917,243	7,008,028	6,083,385	39,339,064
WHEAT							
2,212,887	28,477,584	559,559	89,036,428	1,761,995	87,953,456	469,847	333,552,226
OATS							
1,053,470	1,135,635	289,364	13,206,247	7,885,837	757,527	290,180	87,469,964

The farmer is a consumer as well as a producer, and his needs depend upon China, South America, Africa, and many parts of the earth for supply, so he no more than any man can think only of one side—the selling side for his own products. The price of wheat on the Chicago Board of Trade is as sensitive as a leaf to rumors of Russian crop conditions, and while we may think our crop proceeds are dependent upon our seasons, yet drought or rainfall in Southern Russia and Siberia, locusts in Argentina, or floods in China may be greater controlling factors in our final cash receipts than our own soil and seasons.

OUR GREAT ENGLISH TRADE

Normally England buys from us one-third of all the farm products she imports; this amounts to one-half her imports of wheat,

four-fifths of her flour, 75 per cent of her packed and fresh meats. From Canada she imports less than a tenth of her wheat and a fifth of her meats, and Argentina sends her but one-fourth the wheat she buys and $7\frac{1}{2}$ per cent of her meat imports, and Russia but $6\frac{1}{2}$ per cent of her wheat purchases.

We sell England one-half of all our farm product exports, and Germany one-sixth and all the rest, but 5 per cent goes to Europe. 37 per cent of all our farm exports is cotton, of which we export 63 per cent of our crop, and in which we have no competition. In the three years 1912-14, we exported only 1.3 per cent of our corn production where we formerly exported 10 to 11 per cent, and our wheat exports of 20 to 25 per cent of crop are fifty per cent less than they once were.

FOOD SCARCITY AND REGULATION

In many sections of Europe food stocks are greatly reduced and live-stock largely depleted. Farm products will be in unusual demand for several years, Germany's and Austria's normal import demand being some 200 million bushels of grain alone. It would seem as if there would be needed foreign outlets for our farm stuffs, if we anticipate the situation with proper trade and shipping plans. However, the war created not only two political or war alliances, but two economic trade alliances in Europe, and there will be need for some clever and timely organization and negotiations on our part.

Prices of agricultural products have gone so high since the war that European governments have either taken charge of their food supplies from the point of importation to the very mouths of their subjects, or are intervening at some point to keep down the cost of living. The inflow of foodstuffs is, therefore, being subjected to a greater measure of artificial control than has obtained since the abolition of the British Corn Laws. This is a part of European economic policy rendered necessary by the strain of war. It is yet too early to foresee its effect upon prices in the United States, but its purpose, obviously, is to prevent further advances, and if the policy proves successful, we may expect its extension in an effort to force prices down, in which case the farmers in this country will feel the difference. These developments have apparently not greatly impressed the farmers of the United States, because they are regarded as war measures and, therefore, as temporary expedients. Are they temporary? Or are they merely the forerunners of a new European economic policy?

They are resorted to in order to keep within endurable bounds the cost of living, so that European populations may both exist and carry the burdens of war—and these policies will undoubtedly be followed after the war terminates, for—already the Allies have made plans to “*render themselves as independent as possible*” of other countries at the close of the war, and they propose to “*subsidize or control*” and to “*grant financial assistance to research and development of their natural resources,*” as well as placing “heavy duties or prohibitions on imports.”

EUROPEAN FARMERS DESIRE PROTECTION AGAINST US

It should not be forgotten that there is strong agrarian sentiment in each of the continental countries steadily calling for tariff protection for products of the farm. The Chamberlain policy of English tariff reform, for instance, contemplated a differential in favor of her colonial foodstuffs. Certainly, if we placed embargo upon foodstuffs going to Europe, the advocates of a British tariff favoring the Colonies would be greatly assisted for they could point out that it “was not safe to depend upon the United States,” and that they must plan to encourage the Colonies to supply all their food needs.

With Canadian wheat and other farm products going into the United Kingdom at lower rates of duty than those from the United States, would not American immigration to Canada be still further increased?

Then, too, we must meet powerful combinations of producers and dealers, strongly supported by their governments, and we are tremendously handicapped by having 88 per cent of our exports and 82 per cent of our imports normally come and go in their ships. None of the countries at war feel under obligation to the American farmer, and we can rest assured that whatever policies they adopt will be exclusively in their own interests and the interests of their allies, in so far as it runs parallel to their own. They all have a perfect right to adopt any tariff or enter into any commercial agreement with their neighbors. Nobody in the United States can offer any valid objection. But, if these changes threaten to restrict the markets American agricultural products have enjoyed in the past, we will have to look elsewhere. We offer a large market to the products of European industry and to the raw materials of the colonies of European nations—a factor in our favor, and where we offer a free market, we must have reciprocity.

NEW TRADE TREATIES REQUIRED

If, simultaneously with the revision of the commercial treaties abrogated by war, the European countries inaugurate, as they undoubtedly will, an era of commercial negotiation for commercial advantage, this country will be compelled to do the same.

Many of our commercial treaties are obsolete in form, and for that reason as well as from the great changes that must come, entirely new trade treaties must be evolved.

Because nearly one-half of our exportation normally consists of agricultural products, the farmers of the United States will have more at stake than any other class. It is high time, therefore, that the American farmer should interest himself in the formulation of a sound national foreign trade policy. We can look forward to the time when the entire production of agricultural products of this country will be consumed in the United States, but obviously a profitable outlet for the surplus is absolutely essential to the majority of our citizens who are dependent upon such production. A condition may soon confront us in which American grains and other farm products will no longer sell themselves, but will meet discriminatory tariffs and cooperative buying. Then will arise the question of whether we are receiving fair treatment in exchange for the large market which we here provide for the products of other countries.

THE FEDERAL TRADE COMMISSION'S FACTS

Our own Federal Trade Commission just reported to this Congress:

1. That other nations have marked advantages in foreign trade from superior facilities and more effective organizations.
2. That doubt and fear as to legal restrictions prevent Americans from developing equally effective organizations for overseas business and that the foreign trade of American manufacturers and producers, particularly the smaller concerns, suffers in consequence.

The Commission refers to the gradual comparative decline in American exports from the largest in the world to the third largest, Great Britain and Germany both having overtaken the United States between the years 1901 and 1913. During this period, American trade gained enormously in volume, but the gain, 62 per cent, was not nearly so great as that of either Germany, with 92 per cent, or Great Britain, with 71 per cent gain. It is pointed out in the report that, while the United States has been active in domestic expansion,

it has permitted its foreign trade to shift for itself. No definite policy of foreign trade expansion has ever been formulatèd in the United States, nor seriously thought of until this time. As a means to increase their foreign trade, which they have realized must provide the field for any national development after international expansion has ceased, other nations have built up their ocean shipping, have combined their land and ocean transportation facilities to give shippers ready entrance to disputed markets overseas, and have in every other manner made it easy instead of hard for merchants and producers to market their wares in the four corners of the world. During this time the United States has neglected its merchant marine so completely that today the nation is entirely dependent on foreign shipping, the commission states. This has resulted naturally in discrimination against American shippers by the foreign shipping interests.

The report takes up the subject of foreign buying combinations, such as the Cooperative Wholesale Society in London, which has one buyer in New York whose purchases annually run into millions. In various markets American manufacturers and producers must deal with highly effective combinations of foreign buyers. Thus, exporters of lumber find such combinations in Australia and on the Continent of Europe. Cottonseed products are handled by combinations of buyers in Holland, Denmark, and Germany; and Austrian cotton-textile manufacturers have a buying combination to import their raw cotton. Combinations of British coal brokers fix the contract price for bunkering ships at Newport News. Four London firms, known as the Fixing Board, daily set the price of silver for the world, and American mining companies must sell their silver for either the English or the great Indian market to one of these four houses. For years the copper trade of the world has been ruled by a vast German metal-buying organization centering in the Metallbank und Metallurgische Gesellschaft A. G. of Frankfort on the Main. These combinations constantly make individual American producers bid against each other, and are thus able to buy at prices near or below the cost of production. Should any one be more interested in this report than the farmer—yet it has not been as widely printed and commented upon as its vital importance demands.

Chairman Hurley of the Federal Trade Commission tells us: "When we think of Europe as a continent engulfed in war, devastated and disordered, I want to say to you that we are not correct in

that conception. Under the stress of the struggle every effort is being made, in the warring nations, to obtain the highest efficiency in the production, distribution and use of commodities of all kinds. * * * The war has compelled Great Britain to make 30 years of industrial progress in 30 months. The Germany that emerges from the war will be years ahead of the Germany we knew in 1914. * * * Within five years we shall find a new Europe competing against us with war-sharpened brains, not only in our foreign markets, but right here at home."

EMPLOYING OUR RESOURCES TO THE UTMOST

Can we now begin to see that there is to be "a war after the war?"—and that it is a situation and not a theory that confronts us? In what shape are we, with our loose and wasteful individualism and optimistic indifference, to meet such organization? Can't we farmers, and all the rest of the nation, be aroused to the situation and prepare instantly to concentrate and direct our common resources for our common weal? We must think in terms of the greatest common denominator to develop a public conscience and opinion that will require all groups and classes to work toward and for a greater loyalty and brotherhood—for we face the war of the survival of the fittest.

We can hope and pray that President Wilson will soon appoint the Tariff Commission, and hold fast to the idea expressed by him in his letter of July 25th last, to the president of the Illinois Manufacturers' Association, wherein he wrote: "After all, what we are interested in is to ascertain all the facts surrounding our economic life and to disconnect a fundamental thing like the fiscal policy of the government with regard to duties on imports from party politics. We shall strive to do this through the instrumentality of a permanent, non-partisan commission, composed of able and experienced men so that when the facts are once obtained, the handling of our tariff question may no longer be made the football of politics. It ought to be possible by such means to make the question of duties merely a question of progress and development, a question of adapting means to ends, of facilitating and helping business and EMPLOYING TO THE UTMOST THE RESOURCES OF THE COUNTRY IN A VAST DEVELOPMENT OF OUR BUSINESS AND ENTERPRISE. * * * We have not been accustomed to the large world of international business, but it is evident that we

must get acquainted with it immediately." "Immediately" is now, almost tomorrow, and

"Tomorrow, I shall live—the fool doth say;
Today, itself's, too late—the wise lived yesterday."

Farsighted preparedness of any kind starts "yesterday," or yester-year.

WHEN WILL OUR SHIPS COME IN?

And now as to the matter of shipping. While the farmer has profited and is profiting by our great war export business more than anyone, has he realized how much he and all have been at the mercy of foreign shipping—most of it Allies—shipping that was paying fierce insurance rates? In normal times, wheat paid around 3 cents a bushel, ocean freight to Liverpool, while war rates have had it above 50 cents. It is all well enough to say that the buyer in Europe pays the freight, but it stands to reason that if he will pay \$2.00 a bushel for wheat in Liverpool, the farmer would get a better price if the freight were not so high.

England and her Colonies have 10,500 steamers and 1,100 sailing vessels; Germany has 2,000 steamers and 220 sailers; France 1,000 and 500 respectively; Japan, 1,200 steamers; Norway, 1,700 steamers and 500 sailers; the United States, 567 steamers and 581 sailers—much of this in coast-wise work. Norway has bought, and contracted in New York, since the war began, for a hundred and fifty millions of dollars in additional shipping; three times what the government of the United States, after prodigious debate, proposes to invest for the purpose of "inaugurating a new era in American merchant marine." Germany, France and other nations make railroad freight rates to their exporters at one-half the usual domestic rates. There was a time when our merchant marine led the world, carrying two-thirds or more of our own foreign trade as well as its share of the trade of other nations. Now other ships carry ninety per cent of our sea freight and discriminate against us.

No citizen loves his flag better, or would offer his life for it more promptly, than the American farmer, and I believe that, land locked and lubber though he is, he is as anxious as any good American to see the stars and stripes in every port of the world, not simply because it would be carrying some of his products and ready to respond as auxiliary to a great American navy, but because his vision is widening and he wants all the world to realize and be girdled by the spirit of American ideals and her industry.

Last September Congress created a Shipping Board, which now, just organized, should render immeasurable service, for America's shipping trade must be freed from dependence on foreign bottoms, and the Shipping Board can submit a program designed to give our shipping this freedom, for a merchant marine capable of carrying such portion of the national commerce as will avoid dangerous dependence upon foreign ships is a necessity for any world-trading nation.

Whatever is needed to develop an American merchant marine should be forthcoming. We have been told that it can be done by American capital, aided only by liberal or unhampering legislation. If it cannot be so accomplished, we should not hesitate at any reasonable subvention or bonus under proper regulation. Such a provision to assure us a shipping and a fair return to our investors would be returned a million-fold in the opportunity for outlet to all our production. Labor and capital everywhere throughout the length and breadth of the nation, on the farm, in the factory, at every turn, would feel its pull.

American investors have shied at shipping—just as they have at foreign banking, but the two go hand in hand to bring us foreign trade. We in the West have been building more ships—on the great lakes—than has the New England seaboard.

FOREIGN TRADE VITAL ELEMENT

As stated in the preliminary announcement for this convention, "Foreign trade is a vital element in domestic prosperity, whether such prosperity be enhanced by war demands or diminished by lack of foreign orders in peace." Mr. James A. Farrell, who, with Mr. Frank A. Vanderlip, has been our greatest pioneer in the development of American foreign trade and banking, said: "One week of European war did more than ten years of academic discussion to convince the American people that foreign trade is a vital element in domestic prosperity."

BUSINESS NOT PARTISAN QUESTIONS

My only reason for accepting an invitation to address this body, and for serving on its public-spirited Council, grows out of the hope that I may help arouse my compatriots on the farms of the United States to the urgent necessity for their active interest in foreign trade and shipping, and many phases of tariff legislation that concern the farmer and foreign trade. These are great fundamental,

far-reaching business and economic questions—they do not belong to any party—they are our very own problems and vitally concern our individual and national success, yea, our existence.

We must drop the old tariff bugbear of “high” or “low,” “protection” or “revenue only,” and—in connection with the Department of Commerce, Tariff Commission, Federal Trade Commission, Shipping Board and Consular Department—think of it as a great business getting and nation developing organization of Americans for America.

Certainly five such organizations are enough—if they do not get results and soon, it will seem to be too many.

I know of no one who is financially, or should be actively and patriotically more interested in developing and extending our foreign trade and shipping than the farmer. After the war we cannot possibly, under the most favorable conditions, hope to maintain our present enormous volume of exports and balance of trade—for our usual average business level of 80 per cent has vaulted up to 140 per cent and we must come down not a little.

No one is to look out for us but ourselves, and there are enough of us to do that—farmers and all—if we but set at it, forthwith.

In our great emergency we can hope to have Congress give to a long-suffering American public, a practical illustration that democracy and a free people may successfully compete with the governmental and industrial efficiency of any monarchy or autocracy. Then, what can we not accomplish if we cooperate as real citizens and true Americans and, using the President’s expression, immediately “employ the utmost resources of the country” to develop Transportation, Trade and Thrift, not alone through proper legislative and executive efforts to promptly execute trade and shipping plans, but—through a better understanding and handling of our own internal situation, particularly as it relates to the labor problem, which underlies farm and industry; the cost of living and world-trade.

We may exist for a while under most uneconomic conditions, as we do today, but we cannot go forward at home or abroad with unfair burdens on either side.

THE FARMER'S INTEREST IN FOREIGN TRADE

BY

THOMAS NIXON CARVER

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Mr. Chairman and Gentlemen: It would be easy to recapitulate the statistics of foreign trade in agricultural products and to remind you of their magnitude and emphasize their vast importance. While these statistics are important, they are tolerably familiar and well understood. It would be a little more laborious, and also a little more useful, to compare the statistics of foreign with those of domestic trade, with a view to showing their relative importance. This has already been well done, so far as the general foreign and domestic trade are concerned, by my colleague, Professor B. M. Anderson, in the *New York Annalist* for January 8. In this article he has shown that foreign trade is relatively more important than has commonly been inferred from the faulty statistics previously published. He says:

“Obviously, for such a comparison, we should not count a given case of eggs twelve times merely because it happened to pass through the hands of twelve owners in getting from farm to breakfast table. Items of export and import count only once in the figures for export and import. We must find a figure for domestic trade in which items count only once, allowing no turn-overs of the same goods to swell the total, if we wish to make the figures comparable.”

Applying this method he reaches the conclusion that our foreign trade was a little over ten percent of our domestic trade in the years immediately preceding the European war and seventeen per cent at the present time, instead of being at the present time less than one percent, as is frequently stated; that is to say, from ten to seventeen percent of all the products of land, labor and capital in this country, are exported.

It is rather obvious, is it not, that the farmer is more interested in the volume of his products which flow through the channels of trade, both foreign and domestic, than he is in the relative number of turnovers in the two channels. Since the volume of goods which flows through the channels of foreign trade forms so large a percentage of the total volume, it is pretty certain that the farmer's

interest in foreign trade is much larger than would appear from the defective statistics which seemed to show that foreign trade was infinitesimal as compared with domestic trade.

WHAT ARE AGRICULTURAL PRODUCTS?

It is not easy to determine just what proportion of the goods which flow through the channels of foreign trade are agricultural products. Since all material goods come ultimately from the land or the water, that is, since they come from the farms, the forests or the mines on the one hand, or from the fisheries on the other, it is certain that the farmer's interest is considerably greater than would appear from the statistics of those exports and imports which are commonly classified as farm products. If we confine our attention to exports and compare these exports which are definitely agricultural with those which are not we shall find that the agricultural exports are declining in proportion to those which are non-agricultural. We may as well leave out of account, for the purpose of this comparison, the last two years, since they are so abnormal as to throw no light upon the normal tendency. The domestic exports of food stuffs, both crude and prepared, according to the statistical abstract of the United States, formed the following percentages of the total domestic merchandise exported in the following years:

			%		
1884—	Crude Foodstuffs,	17.90;	prepared or partially		
			prepared,	26.86% ;	Total 44.85%
1894—	“ “	15.30;	“	28.77% ;	“ 44.07%
1904—	“ “	9.46;	“	21.52% ;	“ 30.98%
1914—	“ “	5.90;	“	12.59% ;	“ 18.49%

Cotton, the greatest of our agricultural exports, is, of course, not included here; nor are multitudes of other things which, though classed as manufactured products, still come ultimately from the farms in the form of raw materials.

PROPORTION OF FOODSTUFFS IN EXPORTS

So far as the export of foodstuffs themselves are concerned, they form a diminishing proportion of our total exports. This, however, is not due to a decline in the total amount but rather to a very considerable increase in other exports. The total exports of crude foodstuffs has remained almost stationary, whereas the

exports of prepared foodstuffs has increased considerably. But this increase has not kept pace with the increase in the exports of other articles.

Turning to another set of tables we may calculate the proportion of our total exports of domestic merchandise which come directly or ultimately from the farms. For 1914 the figures given for the total exports of domestic merchandise is two and a third billions. All exports derived either directly or ultimately from the farms total one and one fourth billions, or a little more than half the total. This includes such things as animals, breadstuffs, cotton, and cotton manufactures, eggs, fruits and nuts, glucose, hair, hides, honey, hops, leather and manufactures of leather, malt, meat and dairy products, oil cake and meal, vegetable oils, lard oil, seeds, spirits, wines and malt liquors, sugar, molasses and sirup, tobacco and manufactures of tobacco, vegetables, wool and manufactures of wool. It omits such minor articles as broom corn, ginseng, feathers, cut flowers, rice hulls and vinegar.

Thus we see not only that foreign trade is more important than we had supposed as compared with domestic trade, but that the exports of farm products, either in their crude or in their manufactured form, constitute rather more than half of our total exports. It must be said, however, that these figures relate to the value of the products. That is, of the total value of all exports, more than half is embodied in materials which were derived originally from the soil. What proportion of this value was added after they left the farms, there is no way of finding out.

Some mental disturbance has been occasioned in recent years by the fact that our exportation of leading agricultural products has been falling off. This, however, need cause us no alarm, since it is to be explained by the rapid increase of our urban population, which is consuming more and more of our surplus farm produce. Why has not our rural population increased in proportion to the urban? One immediate reason is that we have been exporting farmers and importing indoor workers. There are, of course, other reasons which lie deeper than that.

AGRICULTURAL IMMIGRATION DECLINING

The practical exhaustion of our free public land has deprived us of one of the inducements which we once had to offer to the land hungry people of Europe. Such people now find the means of appeasing that hunger in other countries, such as Canada, Aus-

tralia, South America and South Africa. It seems that as many farmers emigrate from Europe to farm in other countries as ever; but they are going to countries which now have free land instead of coming here. The people who come to us come generally because they do not want to farm. Until we adopt a policy which will hold our own farmers, it will be rather unprofitable to attempt to get other farmers to come to us. Another thing which we must consider before we are alarmed over the decline in certain agricultural exports is the fact that the period of greatest agricultural exportation was the period of greatest agricultural depression in the older sections of this country. The rapid opening of the prairie states, the development of farm machinery, the building of the trans-continental railroads, and the greatly accelerated immigration of the seventies, eighties and nineties of the last century, much of the immigration going into the western lands, all conspired to pour into the markets of the world such a flood of agricultural products as the world has never seen. This produced one of the worst periods of agricultural depression, not only in the eastern half of the United States, but also in Europe as well, which the modern world has known. It was the period of the abandoned farms of the United States, of agricultural discontent in the West, symptomized by the grange, the farmers' alliance, and the populist movement. Crops were literally grown and sold below cost of production. There was nothing to do with the vast surplus but to export it; and it produced such a glut as greatly to reduce the price in European countries. Consumers now complain of the high price of farm products. They do not realize that they enjoyed abnormally and ruinously low prices in those days; and that prices, barring the war, are only getting back to a normally profitable basis.

WHEAT AND BEEF FRONTIER PRODUCTS

Another important point to remember is that such products as wheat and beef are most economically produced under frontier conditions. Consequently, their production has migrated westward with our frontier. Lately they have tended to follow that frontier over the artificial boundary which separates us from Canada. When wheat growing, for example, declines in one of the middle western states, it is not a sign of decadence, but of progress. These states have passed out of the frontier stage and have turned to the growing of crops which respond to a somewhat

more intensive cultivation. The conditions which enable one to grow wheat and beef most economically are those where land is cheap and abundant. There, the labor cost can be reduced to a minimum, and, since the land costs little, the total cost is low. As the country settles up and labor becomes more abundant and land correspondingly scarcer, the labor cannot economically employ itself in growing wheat or beef exclusively on the diminished acreage. It must therefore turn to those crops which require more labor and less land in their production.

That which happened to wheat and beef will, in all probability, happen to other crops in time. Those crops which require the widest space for their economical production will disappear in proportion as space becomes scarcer relatively to the farming population. They will migrate to new areas where space is still abundant; and the older and more thickly populated areas will turn more and more to those crops which require more labor and less land for their economical cultivation.

These observations are made for the purpose of showing that the problem of foreign trade in our own agricultural products is not the problem of declining exportation of these products of extensive agriculture. Newer countries with sparser populations and cheaper lands will continue to compete with us on the markets of the world in the sale of wheat, beef and mutton. We must give our attention to the marketing of the products of a more intensive agriculture where we shall have a growing advantage, rather than to try to hold the market for the products of extensive agriculture, where we shall have a diminishing advantage.

CORN AND COTTON AMERICAN MONOPOLIES

The two great crops in whose production we have such an advantage as to amount almost to a monopoly are corn and cotton. The best form in which to sell our corn on foreign markets is in such concentrated products as lard and bacon,—the corn fed to hogs and turned into pork. We can well afford to concentrate a great deal of attention upon these products, partly because so large a proportion of our farmers are engaged in their production, and partly because, as stated above, we have such a great advantage over the rest of the world in their production.

Next to Russia this is the greatest horse producing country in the world. Here also we have an advantage which we may well exploit to our own profit.

Though we may find it increasingly difficult to sell beef in foreign markets in competition with beef from new and sparsely settled countries, we may however sell breeding stock to those producing countries. Much of the agricultural prosperity of England has come from her sales of breeding stock to the rest of the world, including ourselves. Though she has imported a large proportion of the beef, pork and mutton which she has consumed, she has exported cattle, hogs and sheep in large numbers for breeding purposes. If our breeders are as successful as English breeders they may share in this prosperity. It is an interesting fact, not as widely understood as it ought to be, that all large or heavy breeds of horses have originated either in Great Britain or on the shores of the English Channel and the North Sea. This is a fact that we should ponder well before we undertake to rival those countries in the sale of breeding horses of the draft type. We should be very certain that we can produce as good stock as they can produce before undertaking to rival them. We seem to have demonstrated our ability, and the suitability of our climate, for the production of the lighter breeds, particularly the trotting horse. Unfortunately, the demand for the trotting horse in other countries is not so great as it is here. Whether such a demand can be developed, in competition with the automobile, is more than doubtful. However, there is no doubt as to our ability to produce utility horses economically in competition with other countries.

POST-BELLUM AGRICULTURAL EXPORTING

A question which is being much discussed just now is our situation with respect to foreign trade in agricultural products, at the close of the European War. The main thing to remember in the consideration of this question is that our situation during the war is very abnormal. In the first place, the warring nations have very little to sell to us, and very little surplus energy with which to produce anything to sell to us. On the other hand, they are buying from us in enormous quantities, and paying the balance in gold. It is true that they are borrowing a part of this gold back and using it to buy more goods from us. Nevertheless, we are selling an unusual quantity of goods to them, thus tending to make them scarce here. As stated above, the percentage of exports to domestic trade in our own products is now seventeen per cent, whereas it was only ten per cent immediately before the war. The scarcity of goods due to such large exportations, together with the

abundance of gold, combine to produce such a rapid rise in prices as seriously to disturb our whole economic system. So long as we keep this gold it does us absolutely no good whatsoever. We merely mark up all prices and imagine ourselves rich, that is, those who have anything to mark up. The rest of us feel mighty poor because we have to pay the higher prices and have no way of getting any more money with which to pay them. The only possible way in which the country as a whole can get any benefit from that gold is to buy something with it, to send it out of the country again. It may be sent out in buying either securities or goods. In either case it will reduce our supply of gold and tend to reduce prices also. If it is sent out in the purchase of goods, it will tend to make goods more abundant while making gold scarcer, thus tending to lower prices at a rather rapid rate.

HIGH PRICES A DRAWBACK

This creates a serious problem in our foreign trade policy. With prices as high as they are at present, we shall be a poor country from which to buy when the time comes in which the warring countries return to the normal work of production. So long as they feel the pinch of scarcity they may be compelled to continue buying of us, but as soon as they get their productive forces reorganized they will find our high prices a distinct drawback when it comes to buying, but a distinct advantage when it comes to selling. Consequently we shall sooner or later have goods offered to us for sale at our highest prices, and buyers going elsewhere to buy because of the lower prices prevailing there. It is pretty certain, therefore, that we shall not be able to hold our present excess of gold supply, even if we want to, and it is equally certain that we shall not want to do so, because it will do us no good unless we use it in the purchase of goods. The only question is, What shall we purchase with it? If we purchase foreign securities, that is, if we lend it to foreign countries, we shall get rid of it, and they will then have it. Their increase and our decrease will tend to restore the equilibrium and reestablish an international price level. We shall not then be such a poor country from which to buy goods, nor such a good country in which to sell them. Our exports of farm products may then remain at a normal level. Therefore, it is very important from the farmer's standpoint that our surplus gold be used in buying foreign securities rather than foreign goods. If this be

not done, we must expect a considerable reduction in our exports with a resulting depression of business.

POSSIBLE TRADE RESTRICTIONS ABROAD

Another cause of alarm is the persistent rumor of trade restrictions on the part of the warring countries after the close of the war. What shall be our policy with respect to these possible restrictions? I do not know to what heights of folly any foreign government is capable of rising. Unless some of them can persuade themselves that scarcity is more desirable than abundance, there is not much likelihood of any effective restriction. Let us consider the situation with respect to some of our leading agricultural exports. Cotton is by far our largest single item. Is it likely that any foreign government will impose any restrictions upon its own importations of this necessity of life? It looks extremely improbable. Not one of them will have enough cotton when the war is over to supply the demand of the people for clothes. They will be quite as anxious to get our cotton as our growers will be to sell it to them. Therefore, I do not believe that our cotton growers, or our agricultural statesmen who are interested in the prosperity of the cotton states, need give themselves an anxious moment so far as this item in our foreign trade is concerned.

As to wheat, the problem is a little more serious, though the most serious factor in the problem is not the possible interference with trade in wheat. It is rather the removal of what is at present a most effective interference with trade in that commodity. I refer to the closing of the Dardanelles. Southern Russia is one of the greatest wheat producing areas in the world. Its only good outlet is through the Dardanelles. The second best outlet, by rail to the Baltic and thence by sea, is also closed. Thus a vast amount of wheat is now dammed up in Southern Russia awaiting an outlet. When that outlet is opened, the price of wheat will fall. Just what could be done in the way of a foreign trade policy to prevent it, is not easy to point out.

It is not beyond the bounds of possibility that some understanding might be reached among the Allies by which a preference should be shown in France and England for wheat from Russia and the British Colonies. Should this cause us any uneasiness? Before this war began it had been apparent for some time that the United States must soon cease exporting wheat. Our consuming power was increasing, and the farmers in the older farming sec-

tions were turning from wheat to more remunerative crops. The very high prices which the war has brought about has given our wheat industry a new impetus. When prices return to a normal level we must expect a continuation of the tendency which existed before. Of course, there is a great deal of land in the semi arid West and Northwest which is better suited for wheat than for the crops which require more intensive cultivation. These lands will continue to grow wheat in considerable quantities; but it is not likely that they will produce a surplus over the demand for domestic consumption. Therefore, I think that we may look with indifference upon the efforts of other countries to discriminate against wheat from this country, even if they should be foolish enough to attempt it.

EUROPEAN SHORTAGE OF PORK PRODUCTS

As to lard and pork products, there is no part of the world which can produce them in such quantities and so economically as our own corn belt states. It is doubtful if the dense populations of Europe could, for many years to come, find an adequate supply elsewhere. The indications are that all the warring countries, particularly the Turco-Teutonic Allies, are suffering from a considerable shortage. The number of hogs has materially decreased, as well as the provender upon which hogs are fattened. Though hogs multiply more rapidly than any other farm animal, it will nevertheless take several years for these countries to bring pork production back to its normal level. Add to this the fact that, even in normal times, they were not self-supporting in this respect, that is, that they imported large quantities, especially of lard. These facts, taken together, make it seem probable that these countries will be quite as anxious to secure our pork products as we shall be to sell them. England and France will have no reason for discriminating against American pork products. Aside from the general unsoundness of the proposition that a country can make itself prosperous by making goods scarcer, there is also the fact that their colonies are not large producers of pork, nor is their ally, Russia.

Since these three items, cotton, wheat and wheat flour, and pork products, constitute a little more than three-fourths of all the exports of our agricultural products, it does not seem likely that American agriculture is in any great danger from unfavorable foreign trade policies on the part of European countries.

One of the most important facts regarding agriculture, a fact which distinguishes it from all other industries, is its dependence upon land. This does not mean soil and chemical fertility alone; it means also land surface—space—room for plants to grow and spread their roots to the soil and moisture and their leaves to the sun and air. In its demands upon land surface agriculture exceeds every other industry, that is, it requires more surface in proportion to the quantity of its product than any other industry. In fact, it is the only industry in which more surface is ever a scarce factor of production, or in which any nation ever feels that it has not area enough within its boundaries.

LAND SPACE PRIMARY NEED

Soil may be made, or infertile soil may be made fertile, but land surface cannot be materially increased except in small fringes along the shores of bodies of water. A manufacturing or mercantile establishment needs space only for standing room for men and machines, and storage room for materials. Besides, it can economize land surface by building up into the air, thus multiplying the floor space by the number of stories. A farm needs space for these purposes also; but its chief need is for room for crops to grow, and for this purpose land surface cannot be economized by erecting tall buildings. Even a mine needs land surface only as a means of getting access to the mineral deposit beneath, and the value of the product of the mine depends mainly upon the depth and richness of the deposit rather than upon the superficial area. In agriculture, however, no matter how deep the soil or how rich the deposit of plant food in a given area, there is a limit to the number of plants which can grow on that area, and therefore, the product of that area does not depend exclusively upon the depth and richness of the deposit; it depends quite as much upon the size of the area, quite as much upon the room which it affords to the plants as upon the food which it provides for them.

A soil of immeasurable depth and richness will produce only a very limited crop of wheat per acre, say a hundred bushels, but a mineral deposit of immeasurable depth and riches would yield a quantity of mineral per acre limited only by the number of laborers and machines that could find room to work. Even if the greatest conceivable skill were applied to the cultivation of the soil, it would still take vast areas of land to produce wheat enough to supply any modern nation with bread. A similar statement would hold

true of any of the other great farm crops. That is why the question of land is of such vital importance to every agricultural nation.

LARGE WHEAT ACREAGE NOT ECONOMICAL

Even assuming it to be possible to make one acre produce a hundred bushels of wheat, it by no means follows that it would be economical to try to do so. In fact, it most certainly would not be economical, for the reason that it would require such a quantity of labor and care in the preparation of the soil, in the selection of the seed and in the nurture of the plants, as to amount to a great waste of time and energy—a waste so great as to overbalance the economy of land. It would require much less labor to produce a hundred bushels on two acres than on one, probably less on three acres than on one, and quite possibly less on four than on one. This being the case, each farmer will find it to his advantage to spread his cultivation over more acres rather than to try to make each acre produce all that is physically able. Where each and every farmer finds it to his advantage to spread out in this way, it follows that the agricultural section as a whole spreads out over a wider and wider area as it increases in population, so long as there is more land to be had. It is only under stress of necessity, of sheer scarcity of land, that it begins to economize land by more intensive cultivation, that is, by putting more labor on each acre in the attempt to make it produce a larger crop. When this necessity arises it will be very difficult for any nation to prevent its growing population from migrating to other countries, provided there are other countries where land is still abundant.

The State of Iowa furnishes a striking example of this. Though it is the richest agricultural state in the Union in proportion to its area, and one of the richest agricultural areas in the world, yet it is losing population through migration to other areas where land is more abundant.

The striking difference between agriculture and the urban industries, with respect to their demands upon land, may be seen by considering that it will require from 20,000 to 100,000 acres to produce 1,000,000 bushels of wheat, whereas, one acre will suffice for grinding it into flour, and a very few acres for baking it into bread. While land is, of course, essential to a urban industry, the demand for land surface is so trifling as to be treated as a negligible factor. Accessibility to markets and certain public opportuni-

ties, and not mere surface, is the essential thing in a city business, and it is this accessibility which gives such amazing value to certain urban sites.

DETERMINING NATIONAL POLICY

Upon this particular difference between agriculture and the urban industries is based the broadest of all differences in national policy—that between a commercial or manufacturing policy on the one hand, and an agricultural policy on the other. Until all the land of the country is occupied by factories, stores, and dwellings, there can be no geographic limit to the quantity which a country can manufacture. Given only raw materials, there is never any question, therefore, of the nation's ability to manufacture anything it needs, no matter how populous it may become. For every additional man to be supplied with manufactured products there is always the same man who may be put to work manufacturing them, provided he can get the raw materials. There is never in the nation at large any lack of room for him to work. For every man who is to be supplied with beef and bread there is also, it may be said, the same man who may be put to work growing cattle and wheat. But this takes room, land, superficial area, and if the country becomes sufficiently populous, there may not be room enough for this kind of work. Leaving raw materials out of account, almost any conceivable population could manufacture clothing enough for itself, but only a limited population can grow wool, and cotton enough within its own territory. This is for no other reason than that manufactures require little land, and agriculture much land, in proportion to the labor employed and the product obtained.

This possibility of producing indefinitely in the urban industries is what has made a commercial and manufacturing policy so alluring to statesmen in modern times. If raw materials can be obtained, and if outside markets can be secured for the finished products, there is no conceivable limit to the population which can be supported by manufacturing, or to the wealth of that population. A nation can manufacture not only enough for its own use, but indefinitely more, provided it can buy raw materials and sell its finished products. In other words, the only conceivable limits to the population and wealth of a manufacturing country are those fixed by the available supply of its raw materials and the outside markets for its manufactured products. When, therefore, a country begins to feel the slightest scarcity of agricultural land, when

it begins to realize that it is nearing the limits of its population and wealth from that source, it not unnaturally turns its attention to manufacturing, provided markets can be found. These are needed, both as places for buying raw materials and for selling finished products, if the nation is to continue to grow beyond the limits set by its power to produce raw materials within its own territory. Every such expansion of the trade area is like the acquisition of new agricultural land, in that it enables the population to expand without feeling the pressure of land scarcity. When the markets are thus expanded a manufacturing population can increase its numbers without any appreciable diminution in its per capita production, or without any increase in the labor necessary to produce each unit of product. The question of markets is therefore the question of transcendent importance for a growing manufacturing population, as the question of land is for a growing agricultural population.

WORLD PROSPERITY DEPENDENT ON PRIMARY INDUSTRIES

A commercial and manufacturing policy pure and simple, however, while highly profitable for a time, if pursued by a small portion of mankind, is very illusive in the long run, and brings inevitable disaster if pursued by many nations or a large portion of mankind. For one nation to depend for its living, not upon the products of its own soil, mines and fisheries, but upon the sale of its manufactured products in foreign markets, may be safe; but for all nations, or any considerable number of them, to try to live in this way would reduce them to the condition alleged to exist on a certain island, where the people are said to make their living by taking in one another's washing. The prosperity of the world as a whole will and must depend fundamentally upon its primary or extractive industries.

If we turn our attention from the broader question of national economy to some of the narrower questions of urban economy, we shall find that, within the narrow area of a city, the question of land some times seems to limit the amount which the city can produce, even in the way of manufacturing. If the population will spread to new areas in the suburbs there need be no scarcity of land. But men within the city area, moved by city pride, sometimes feel a profound interest in the building up of industry and wealth within the city limits, and are not satisfied with the mere fact of the growth of wealth in the country as a whole. In such cases they

find, of course, that the scarcity of land within these limits is a serious hindrance to further development. But from a national standpoint this is not a problem worth considering.

As agricultural advances from the self-sufficing to the commercial stage, that is, from the stage where the farm produces most of the things consumed by the farmer and his family to a stage where most of the products of the farm are sold and most of the things to be consumed are bought with the proceeds,—the question of markets for agricultural produce is a matter of growing importance; but it never rises to the importance that it has always had for manufacturing populations, nor does it ever compare in this respect with the question of land for a growing agricultural population.

No matter how extensive the markets for agricultural products may be, and no matter how numerous agricultural workers may be, there is a limit to the quantity which can be produced within a given area. When the farms have become contiguous, and all the best land in the given territory has been put to some agricultural use, the only possibility of increasing the total product necessary to sustain the increasing population is by cultivating the best land more intensively or by spreading the cultivation over the inferior land. In order to avoid either necessity, both of which mean a smaller per capita product or a larger expenditure of labor and capital per unit of product, men have consistently and persistently sought new territories, just as manufacturing peoples have sought new markets.

AGRICULTURAL MARKET CONDITIONS

For a manufacturing population a lack of markets is sometimes called over-production, and this condition is for them what famine or under-production is for a purely agricultural people. The actual work of manufacturing not being directly affected by wet or dry weather, by backward seasons, untimely frosts, and other climatic conditions, a manufacturing population is never threatened by under-production in its own special work. It may, however, be damaged by under-production of its raw materials, as in the case of the English factories during the cotton famine of the American Civil War; but that is a case of a contracting market, for a market is a place where materials are bought as well as sold. Again, a manufacturing population may be affected by a crop failure or some other form of under-production among its customers, as a result

of which these customers are unable to buy the manufactured products; but this also is a question of markets. In almost every imaginable case where under-production is found to affect a manufacturing population, it will be found to affect it through its markets rather than through its own power of production; that is, it will be found to be difficult either to buy raw material or to sell finished products. Such a thing as inability to produce enough of its own peculiar products, or such a thing as under-production of its own industries, is never considered as a real danger.

Over-production, or a lack of markets for its finished products, is, however, a real danger for every growing manufacturing population. Continued over-production forces upon such a population one of two alternatives, the conquest of new markets or the reduction of its numbers. New markets may be conquered by wise diplomacy, by careful advertising, or by war. The first two methods failing, a few nations have had the grace to refrain from war where they thought there was a chance of success in winning wider markets. All three methods failing, the manufacturing populations must be reduced by starvation or emigration. In this situation we have the key to the understanding of the commercial policies of the manufacturing and commercial nations.

DANGER OF UNDER-PRODUCTION

For a growing agricultural population, however, there is a real danger of under-production. Unless the arts of agricultural production improve with the increase of population, a growing agricultural population in a given territory will eventually mean a smaller per capita production. Each worker will eventually have so little land at his disposal as to cut down his total product, even though he does get a somewhat larger product per acre. Failure to offset the disadvantage of scarce land by agricultural improvements means, for such a population, continued under-production, which forces upon it the necessity of getting more land or of reducing its members. Getting more land requires either wise diplomacy, as was practiced when land was purchased or acquired by treaty from the American Indians, or it requires a war of conquest. Reducing the numbers of an agricultural population means emigration to new lands or to the cities, where it is transformed into a manufacturing, mining, or commercial population, which in turn requires expanding markets. To sum up, a growing agricultural population on a given area of ground must choose at least one of

four things, and there is no other choice. In the first place, it may improve the arts of production by new discoveries in the science of agriculture. In the second place, it may acquire new land either peacefully or by war. In the third place, it may reduce its population by emigration either to new lands or to manufacturing, mining, or commercial centers. In the fourth place, it may reduce the standard of living, the average per capita wealth of the agricultural people growing less as their numbers increase. In this situation we have a key to the understanding not only of the policies of agricultural nations, but also to the movement of agricultural populations.

Formerly the choice was uniformly for war and conquest; but this solution of the problem is contrary to all sentiments and ideals of civilization. Therefore, the tendency is more and more toward one of the other solutions. All civilized countries are spending money and energy for the improvement of the methods of agricultural production, or for the improvement of lands already within their boundaries; but none of them are able to make improvements rapidly enough to avoid the emigration of their rural populations either to foreign countries or to their own cities, where they are open to the new danger of over-production or lack of markets.

RURAL AND URBAN MIGRATIONS

One of the most striking facts in economic history is the different character of rural and urban migrations. Leaving out of account, for the moment, the transformation of a rural into an urban, or an urban into a rural, population, and considering only the migration of rural people who remain rural and of urban people who remain urban, it will be easy to see the distinction. Rural migrations are uniformly from a densely to a sparsely settled territory, whereas, urban migrations are almost as uniformly from a sparsely to a densely settled territory, that is, from smaller to larger towns and cities. In both cases there are, of course, counter-currents, and this is especially noticeable within the area of a given city. Though congested districts seem uniformly to grow more congested, there is also a recessive movement towards the suburbs. As between different cities, however, the tendency seems fairly clear. The larger the city, other things being equal, the more rapidly it grows.

This difference in the character of the two forms of migration is due mainly to the difference in the factors upon which the pros-

perity of the classes of population depends. As we have just seen, agriculture is mainly dependent upon land, and urban industries upon markets. Therefore, rural people engaged in agriculture tend to move to those places where land is abundant, while urban people move to those places where markets are wide. Abundance of land and sparseness of population usually mean the same thing; but, for some reason which has never been satisfactorily explained, the larger the city the more trade it seems to attract. However, both these propositions need careful qualification.

TENDENCY FROM DENSELY AND SPARSELY POPULATED REGIONS

The proposition that rural people tend to move from the more densely to the less densely populated areas needs to be qualified by assuming that the soil is equally fertile, the climate equally attractive, and the government equally free and just, in the different areas. If the soil is infertile, the climate unattractive, or the government despotic, in the sparsely populated area, the migration to that area will be discouraged, and may be turned in the opposite direction. But within the temperate zone, and within such areas as possess abundant rainfall or sufficient water for irrigation purposes, and where the land is controlled by liberal and progressive government there is not the slightest doubt that the general movement of rural people has been and still is from densely to sparsely populated regions, or from regions where land is relatively scarce to regions where it is relatively abundant.

NEED OF A MARKET

Again, the grower of an agricultural specialty is almost as much in need of a market as is a manufacturer. In order to succeed in this form of agriculture he must locate where there is a market, which will usually be best where population is densest. Therefore, he will, as a rule, leave the sparsely populated area and locate in or near a densely populated area. This is in harmony with the general principle that those whose success depends mainly on land tend to scatter, and those whose success depends mainly upon markets tend to concentrate. But it is only in the case of agricultural specialties that success depends mainly upon markets. The growing of agricultural specialties, however, forms a very small and insignificant part of the total agricultural production, otherwise they would not be specialties. The tendency of growers of those specialties to con-

centrate does not offset the larger tendency of the growers of the great staple crops to scatter.

The proposition that the migrations of urban populations are uniformly from less densely to more densely populated areas needs several qualifications. In the first place, as pointed out before, the tendency is really to move to those places where markets are expanding most rapidly. Wherever it happens that markets are expanding more rapidly in small than in large towns and cities, the movement will be toward the small places. But, speaking generally, the tendency is the other way. The larger the city, the more rapidly its trade area seems to grow. In common language, the large city seems to "draw" the trade. "Trade attracts trade," is another way of putting it. When a certain city comes to be known as a place where a certain article can always be bought in considerable quantity and variety, buyers naturally tend to go to that city. When a new manufacturer or would-be-manufacturer is looking for a place to locate his factory, he in turn tends to locate at that place where buyers are accustomed to go. These, again, draw more buyers, and these, again, attract more producers. Thus a trade or manufacturing center seems to grow by what it feeds upon.

LOCATING CITIES

Again, as such a center of trade and manufacturing increases in size, there grows up an intense competition for the central cities or locations. Such high prices or ground rents are paid for space in these centers that many enterprises are forced to locate at a distance from the center in order to avoid the tremendous expense of a central location. Thus a recessive tendency shows itself—a counter-movement away from the more densely populated areas toward the suburbs. But the fact that there is such severe competition for the central locations, when the advantages for physical production are no greater, but where the opportunities are better for selling the products or buying the raw material shows how thoroughly urban industries and urban peoples are dominated by the question of markets, and how they therefore tend to concentrate themselves in more and more densely populated areas. Even the dispersive tendency noted above is usually not strong enough to offset the tendency of large cities to grow more rapidly than small cities and towns.

Again, there are some times marked physical advantages, like mines, water power, building materials, etc., which explain the lo-

cation of a city. These physical advantages may be of limited extent or quantity. When the city has grown to the limit set by the natural physical advantage, there is sometimes a tendency for the increasing or surplus population to move to a new location where new and unusual physical advantages are to be found. Thus new and small towns sometimes actually grow at the expense of the older and larger ones. This is particularly the case when new mines are opened, but it sometimes follows the development of a new source of power, such as water power. Those are almost the only cases where the movement of urban populations is not determined for a search for markets. Being determined for a search for natural resources, which might be included in a definition of land, this movement resembles the movement of rural populations, which is determined by the search for land. But cities of this type are exceptions to the general rule and do not themselves represent the general tendency of city growth. The most conspicuous examples are the lumber and mining camps.

"BACK-TO-THE-LAND" MOVEMENT

Seldom, if ever, in the history of the civilized world, have there been general and long-continued movements of populations from urban to rural districts. Occasional and temporary movements there have been, but such cases usually result from a deliberate policy of colonization, by means of which a city gets rid of its surplus population by sending a body of colonists to occupy a territory acquired by purchase, treaty, or conquest; from the opening up of new lands or agricultural resources, by means of which people are attracted from the city to the country; or from a commercial cataclysm, by means of which a city's trade is destroyed, its subsistence cut off, and its inhabitants forced to disperse.

(The last few paragraphs are from the author's work entitled "Principles of Rural Economics," pp. 117-129.)

Within a given area, such as that comprised within the boundaries of the United States, it is rather a foregone conclusion that as population increases it must turn more and more to the industries which require more labor and less space for their work. A smaller proportion of the total must necessarily be engaged in those industries which require much space in proportion to the labor employed. This is about as fundamental as anything could possibly be made in economics. Whatever we may think as to the farmer's interest

in the matter, he must submit to the inevitable. He might as well protest against the procession of the equinoxes as against this tendency. It can scarcely be to his interest to attempt the impossible or to resist the inevitable. There is, however, a large hope for the limited number or the diminished proportion of our people who remain in agriculture. The growing urban populations will demand more and more in the way of agricultural products. With improved transportation, these urbanites will doubtless get the products of cheap land from long distances. They will, however, demand bulky and perishable products which cannot be shipped long distances, and they will have to pay a price which will compensate the nearby farmer for his labor.

THE FARMER'S INTEREST IN FOREIGN TRADE

This brings out another and a growing interest of the farmer in foreign trade. The expansion of our urban population depends, as shown above, upon wider and wider markets. If those markets widen indefinitely, our urban population can increase indefinitely. If so, the farmers will profit indefinitely in two ways. In the first place, the demand for the more bulky and perishable farm products will expand indefinitely in order to feed the people; and these products can only be supplied by our own farmers who live near by. These farmers will therefore profit directly as foreign markets, even for manufactured products, expand. In the second place, since so large a proportion even of the manufactured products exported come originally as raw materials, from the farms, it is obvious that this, likewise, will add to the prosperity of the farmer. It is to be expected, however, that the latter factor in the farmer's prosperity will increase less rapidly than the farmer.

SECOND SESSION

Thursday, January 25, 1917, 2:30 P. M.

ALBA B. JOHNSON, President
President, Baldwin Locomotive Works, Philadelphia, Pa.

PRESIDENT JOHNSON: The first paper of the afternoon is one upon "American Banking in Foreign Trade," by Mr. Lewis E. Pierson, Chairman of the Irving National Bank, of New York City.

AMERICAN BANKING IN FOREIGN TRADE

BY

LEWIS E. PIERSON

Chairman of the Board, Irving National Bank, New York City, and Member
of National Foreign Trade Council.

The present rather comfortable position of American banking in foreign trade should not be allowed to delude us into any false sense of national security. Unless our bankers and our people generally show more vision, more energy, more resourcefulness, more comprehension in their foreign attitude than in the past, the conditions upon which this position is based, not of our own making either, will quietly pass away and leave us but little better off than before. The case is something like that of the man of uncertain ability who has secured a good position solely because he happened to be in the right place at the right time. With us, as with him, the big question is, can we hold and develop the job?

Now, in order to make perfectly clear that there is no intention of transgressing the proper limits of this subject it becomes necessary to call attention to the essentially business quality of the modern bank, and to the impossibility of showing its true position in foreign trade without an occasional reference to the general principles upon which foreign trade itself is founded. The connection between banking and trade, even now an intimate one, promises to become much closer in the future. The successful banker of the future must be a man of business vision, sympathy and ten-

dencies, must be prepared to meet the business man upon his own ground, to discuss his problems from a business point of view and to suggest remedies for difficulties—more or less of a specialist, if you please, in the treatment of business diseases.

Naturally, the bank of the future should reflect the same tendencies, should be a source of helpfulness, a court of business resort for the business man. It must provide for him information, instruction, suggestion, direction, and whatever other assistance may be required to supplement his own equipment, to guide him through difficulties, to keep him in effective touch with business and financial methods and activities throughout the world.

Nor is this extension of banking importance due to any arbitrary assumption by the bank. It comes in part from a very definitely expressed demand of business, and in part from the bank's recognition of a larger and more widely distributed responsibility than in the past.

DEMOCRACY OF MODERN BANKING

The essentially business nature of the modern bank becomes still clearer when we realize its strongly democratic nature. In the greatest possible degree it is an institution of the people. It combines resources representing a variety of interests and a very large number of individuals. In its activities, stockholders and depositors are considered first; efficient operation requires a number of paid employees, officers, to administer the interests represented, but the old type of severe, dignified, aristocratic and wealthy banker, who, for a consideration and with great condescension allowed a vastly inferior public to enjoy the use of his money, fortunately has passed away with other archaic institutions.

If we are to understand the true situation of American banking in foreign trade we must get away from the idea of "special blessings" conferred upon us simply because "we are we," and must view the situation in a sufficiently comprehensive manner, realizing that it is a world situation and that in it we and our institutions must meet the nations of the world and their institutions upon a basis of absolute equality. The European war has conferred upon us no advantage which we cannot easily lose, only our best efforts will enable us to retain even our present position. "A fair field and no favors" is the best we can expect; actually, we may receive much less.

The easiest way to keep straight on this question of world

banking and commerce of the future is to bear in mind at all times that the whole process is competitive and that in the competition to come the rules controlling will be the ordinary ones encountered in every kind of competition. To a very considerable extent it will be "every one for himself," and the probable fate of the "hind-most" is not difficult to imagine. The kind of competition, too, is apt to differ materially from what we are accustomed to at home, or thus far have encountered abroad. The spirit of friendly business rivalry of the past may not withstand the strain of present world conflict. The war has taught disagreeable lessons and developed disagreeable facts, showing how far nations will go in times of conflict when national life is at stake. It is just possible that these tendencies will not disappear with war, but will be reflected in world trade methods of the future, the methods which we must meet.

At this point, and in most friendly spirit, it may be helpful to indulge in just a little self-analysis, even self-criticism, to enable us to discover possible defects in the equipment with which we propose to insure the future of American banking in foreign trade. The idea seems in complete harmony with the spirit of the times. Everywhere the world is preparing, taking stock, measuring reserves, testing weapons, tightening girths in preparation for the competition of the future. Even in Europe the burdens and distractions of war are not enough to obscure the demands of preparation for business after the war. I am a born optimist upon the inherent power of our people, but I feel that the plain facts of the case should be faced.

After all, what is there in our situation which provides any definite assurance of success? In what spirit shall we estimate our strength? Shall we foster the fictions of the past, theories about "free-born Americanism," "the genius of our people," "our republican institutions," and others of the same kind with which we have amused and deluded ourselves? Or shall we in truly American spirit face the situation squarely, and frankly admit that in many important respects we fall far below a reasonable standard for our great nation, backed, as it is, by its traditions of character, of enterprise, of individual accomplishment?

LACK OF ORGANIZATION

It is probable that in the field of organization we find our most serious task. It is not that we lack capacity to organize, but rather that we do not yet appear to appreciate the merit of united effort. In individual ability we need concede nothing to any nation; the

power of our people to do things once the way of doing is made clear leaves almost nothing to be desired. In the field of concerted effort, however, we have much to learn from these countries which have gone farther, which have operated under more trying conditions, which see, and for years have seen, great national problems more clearly than we.

We are not clever in the art of adaptation. The lesson which Europe's experience of fifty years with cooperative organization has taught, has passed us almost unnoticed, leaving in its wake only an occasional slight and generally academic interest, confined almost entirely to our agricultural districts. Again, in Europe, throughout every complexion of government, all the way from socialistic Denmark, through the various republics to intensely bureaucratic Prussia, there has been evolved a uniform, well-defined, nationally accepted theory, controlling all the essential relations between government and business. The importance of the result hardly can be exaggerated. Every resource seems to have been fashioned into a common national weapon, to be employed in the interest of either business or government. In our country the situation is almost entirely otherwise; business is disposed to view government as a more or less respectable policeman, and government is disposed to view business as a more or less dangerous malefactor. Each appears willing to concede to the other the possibility of merit, but neither appears willing to concede sufficiently to make it possible for both to get together upon the perfectly obvious theory that their interests are identical.

A particular Chief Executive, or Congress, or political administration, or Government representative, may entertain an entirely proper attitude towards the business interests of the country. Frequently the attitude towards government of a particular trade organization, bank, commercial house, or business individual may be commendable in the extreme, but the national situation itself seems to possess no definite quality which can demand from both government and business the class of united effort in the common cause to which our country is entitled.

NATIONAL POLICY SHORTSIGHTED

Nationally, we appear to lack ordinary comprehension. We slumber along peacefully, secure in the successes of the past and the comforts of the present, while our competitors are up and doing. Why, even during the period of the war, Europe, with its war

losses and disturbances, has clearly outdistanced us in progress towards preparation for the financial and commercial struggle to follow. England, in spite of her traditional conservatism, is preparing to build in the foreign financial field upon a scale the magnitude of which almost takes away one's breath, and in doing this is only following a theory which, for years, has been of common acceptance in Continental countries. Germany, in spite of enforced isolation from commercial world activities, is fostering in the foreign field every existing element of the financial power she once possessed. Italy, France and Switzerland are sparing no effort to extend and more fully develop their already extensive foreign financial establishments. Even Japan has broken away from her ancient traditions and now appears in the financial centers of the world as a power to be reckoned with. At the same time we, in the United States, instead of reading these danger signs, appear quite well satisfied with a fairly comfortable present foreign success which furnishes no reasonable assurance for the future.

It seems, too, that our equipment for banking in foreign trade will bear looking into. What personnel is available? We speak of foreign exchange. What is the total of our experts who, in England, or Germany, or France, or Italy would be considered even fairly high-class in this subject? We speak of the American foreign branch bank. How many young men have we in the entire country who, in knowledge of foreign banking, foreign business methods, foreign language, foreign point of view, are up to the demands of this service? What are our educational institutions doing towards the production of an efficient personnel for foreign banking? Do they realize the need of the country for such men? Will their present tendencies, even fully developed, enable us to compete with the banking personnel which Europe is producing by such a variety of means? What sort of product is being turned out by our commercial colleges, our schools of arts and trades, our new vocational schools? How does it compare with the school products of continental Europe, where the business school forms the center of the business community, where education aims directly at the benefit of business, and where the manager of the bank, the factory, the business house, recognizes in the student finishing his course an actual and immediately available effective addition to the business assets of the community.

SPECIFIC PREPARATION NEEDED

Coming to the question of more specific preparation for American banking in foreign trade, how about American banks as a whole? With a comparatively few exceptions, are they doing their part? Is the banking viewpoint sufficiently broad? Are its tendencies sufficiently comprehensive? Does it regard its place in the foreign field with proper seriousness? Does it realize that in its own community and in the foreign field its functions should be that of a guide, a leader? Does it appreciate the fearful handicap of inexperience, of unpreparedness, of uncertainty under which in competition with the broadly experienced and fully equipped banks of other countries, it must labor? Is its attitude towards foreign business a world attitude, or a pitifully narrow provincial one? Does it realize that the business of the world also is our business, that if we are to sell in the world's markets we also must buy; that the credit of our customers is scarcely less important to us than our own; that any circumstance which tends to check a free and mutually profitable interchange of products hurts all interests concerned; that when self-protection is carried to the extent of making it difficult for others to do business with us, our business will suffer with theirs? Has the American bank used good business sense in informing itself and the interests it represents concerning the financial standing of foreign firms? Has it done its full duty in providing an effective system of foreign credit information?

And now, gentlemen, a word upon the most vitally important detail of this subject, indeed, perhaps the most serious question now confronting the American banker and American business, the question of the value of foreign borrowing in the United States as a means whereby the financial interests of our nation may be safeguarded, or, we might call it, the granting of credit to the nations of the world upon sufficiently liberal terms to enable them to buy, and pay for, under reasonable conditions, the products which we have to sell.

Has the American banker asserted his logical position as a national authority upon this subject, or has he weakly allowed its consideration and determination to drift? Has he assumed his share of responsibility for the national attitude towards foreign securities considered as national assets? Has he fully educated himself and has he done his part in educating the investor to a knowledge of the facts of the case? Or has he permitted war-born prejudices and

narrow academic theories to control the whole investment policy of the nation? Does he know that in spite of war, perhaps even because of it, Europe of the future will wield no less powerful influence in world finance than did Europe of the past? Or has he dwelt so long upon the idea of the war-devastated, war-scarred, helpless Europe of sentiment and sympathy that he is unable to see the other Europe, the Europe of aggressiveness and power, which, after the war, will face the world, a better customer and a more dangerous competitor than ever before?

EUROPE A SOUND FOREIGN DEBTOR

This new Europe of the future viewed as the basis of foreign loans, in my humble opinion, is entirely sound. In both disposition and ability its position as a foreign debtor may be built upon with safety. It will pay its foreign debts, protect its foreign credits, and redeem its foreign pledges, for the best reason in the world, self-interest. Its world credit must not be impaired. Countries like France and England, whose financial power has been built upon a world commerce, and which even during the stress of war, are able to maintain the most profitable world trade in their history, will not find it necessary or desirable to face the world after the war upon any other than a sound financial basis.

We must not build too strongly upon the idea of a financially crippled Europe after the war. The destructive tendencies of war bring with them their compensations. Resources formerly not even remotely considered as such will assert themselves in the new economic plan. Millions of women hitherto unknown to the world of commercial production will serve in the office, the workshop, the factory, as producers of wealth. Millions of men, now soldiers in the war-zone, will return to the fields and factories, stronger, better trained, more aggressive, more united in national spirit, than ever before. Even those maimed by war will, through the miracles of modern invention, represent their share of value as factors in the production of material wealth. The man who, in former times of comparative ease, retired from active business at the age of forty, or even thirty, now will serve on to his full limit. The highly intensive hand method of agricultural production of the past will be abandoned; and great fields, representing numbers of former small holdings will be treated by modern agricultural machinery as are the rich fields of our great Northwest. The resulting increase

in the producing power of the human unit will be almost inconceivable.

Thousands of immense war-built manufacturing plants, after having paid for themselves over and over again in war profits, will be converted to the peaceful purposes of commercial production. A new science of adaptation of resources will be known, a new class of economy based upon the terrible lessons of war will be recognized. Every element not available for the purposes of helpful cooperative action in the national interest will be eliminated and the new Europe, with every commercial sense sharpened by contact with keenest actual necessity, will demonstrate its ability to maintain its position of power in the world.

And may we hope for an even start with our competitor? This new Europe of the future will be a power to be reckoned with in world finance no less formidable than the old Europe of the past, the Europe which taught us the little we know upon this subject, and whose generosity with the credit we sorely needed has formed the basis of so much of the prosperity we now enjoy. Its traditions in foreign finance are those of soundness, of care, of caution, and yet, of liberality, towards countries at the time less fortunately situated financially, but whose trade and friendship were considered worth while. Foreign business throughout the world was of its creation, not ours. International banking, international credit, international trade, international shipping, with all their safeguards and refinements were produced by this Europe carefully and painstakingly during a period of foreign development in which we played only an insignificant part. With such a foreign background as this, is it probable that the new Europe will allow us to adjust the world finances of the future to suit our purely domestic whims, and without proper reference to the rest of the world?

We speak of controlling in the finance and commerce of the world. What manner of assurance have we upon this point? Our two and three-quarter billions of gold insures for us no such position, unless it serves some purpose far more important than the effective decoration of our vaults, unless each dollar of it makes to the world its own particular commercial argument in the form of an offer of credit upon which mutually profitable business may be based. Europe and the world buy from us now, principally because they must; they pay in gold for the same very good reason. After the war they will continue to buy from us, in just such quantities and for just such time as may be in harmony with their own interest

and convenience. Then, as now, the controlling element will be self-interest, not sentiment. If the conditions of sale we then propose appear to them prohibitive, or even unreasonable, they will have several alternatives to consider before submitting to our terms.

REQUISITES OF LEADERSHIP

If, as we hope, and sometimes assert, we are to become the great creditor nation of the world we must in our attitude towards the rest of the world express that quality of broadness, of liberality, which is inseparably connected with that exalted position. And is there anything of this kind actually shown in our present world attitude? It is an astonishing fact that many of our bankers in very recent times have failed to recognize the soundness and value of commercial acceptance credits based upon actual merchandise purchases by responsible foreign buyers, even when backed by the guarantee of sound banks, their respective governments and accompanied by ample collateral.

Does the average American bank exhibit the traditional American courage in its attitude toward foreign trade? A few, yes, but I speak of American banks as a whole. The British bank goes abroad to protect the interests of British trade and to supplement British trade activities, assuming that the ultimate profit of the enterprise will justify the effort and risk. The German bank goes even further and enters the foreign field as an inducement to German trade, and frequently in advance of any other expression of German activity. The American bank, with a few notable exceptions, appears unable or unwilling to recognize the plainly expressed call of foreign trade, even when accompanied by substantial assurance of immediate and satisfactory profits.

This arraignment of our institutions may seem a bit harsh, but we are dealing with serious things and in spite of the criticism, our situation, as regards the true possibilities of American banking in foreign trade, I consider filled with promise. Its defects are the very natural ones of youth, of inexperience. There are stages of national development, now old to the countries of the world, which we are just approaching. Relationships which, for years, Europe has recognized as fundamental in national development, thus far have received from us hardly a passing glance. Problems long recognized by older countries as vitally important in the national life, now are being presented to us for the first time.

Unfortunately for our complacency, the world does not appear

in the least disposed to allow us to set our own pace. In a moment, almost, new world conditions have been thrust upon us. Without the exercise of any particular choice upon our part, we find ourselves in the very vortex of a whirlpool of world business activities, which, under normal conditions, would not be reached for years. Regardless of our inclination and traditions, we find that we must abandon our provincial theories and accept those of the larger commercial world, of which we now are a part. Our financial success in the foreign field must be purchased at no lower price than that which other nations, better situated than we, have been forced to pay.

There is no legislative panacea for these ills of our banking situation in foreign trade. The remedy must be evolved and applied by us, American bankers and American business men. Of government we ask but little, a sympathetic understanding of our troubles, a friendly and consistently protective attitude, and freedom from unreasonable restrictions which may embarrass our efforts in legitimate competition with the powers we must meet in the foreign field. Add to this the proven power of our people and an intelligent appreciation of scientific organization, and our future abroad, as at home, will be assured.

SOLUTIONS OF THE PROBLEM

It is believed that the best possibilities for the solution of this problem are found in the trade association and the banking association, the trade association broad enough to include in its function the treatment of banking and the banking association broad enough to leave the field of technical banking occasionally and concern itself with the problems of business.

Two such associations naturally suggest themselves in the present connection, one, the National Foreign Trade Council, whose broad attitude is shown in the important place which is given the subject of banking in the program of this convention, and it is to me a matter of regret that my time limits make it impossible for me to pay anything like a proper tribute to this splendid association, which, under its most efficient management and direction, is so highly expressive of the greatest interests and best thought of the country. The other Association to which I refer is the American Bankers Association, whose activities in the purely commercial field perhaps are best shown in the production of the following laws, which have resulted from its initiative and activity:

A uniform Negotiable Instruments law operating in practically every State in the Union.

A Warehouseman's law, also uniform generally throughout the country.

A uniform Bill of Lading law, so important that it was made the subject of Federal legislation.

A uniform fidelity bond, the value of which hardly can be overestimated.

Throughout this paper effort has been confined to the development of serious defects in our banking situation in foreign trade, upon the assumption that proper constructive action will result from the discussion to follow. In order to lay a broader foundation for such discussion I would suggest the appointment by the National Foreign Trade Council of a committee to cooperate with a committee of the American Bankers Association for the purpose of studying American banking as related to the foreign commerce of the United States, and making proper recommendations looking towards the development throughout the country's business associations and educational institutions of a more active and more highly intelligent interest in this important subject.

It is hoped and believed that this action will result in bringing the best financial, business and educational thought of the country to bear upon the problem presented in this discussion.

Again, and in conclusion, I wish to express my firm belief in the future. Our weaknesses clearly belong to a nation whose people and institutions have not yet acquired the art of getting together: unorganization, the lack of co-ordination of effort, a powerful machine fully efficient in domestic things but not yet properly adjusted to the more highly complicated requirements of a world situation, twenty-five thousand and more banks, separate, individual, unled, scattered broadcast throughout the country, with unlimited resources and representing practically every interest of our nation, awaiting the light and impulse which will enable them intelligently and with united front to meet whatever competition the world may present.

PRESIDENT JOHNSON: Gentlemen, I think we are all impressed by the thoughtful paper which Mr. Pierson has presented, and the suggestions which it makes will receive careful consideration of the National Foreign Trade Council in due course. We will next listen to a paper on "Foreign Investment as an Aid to Foreign Trade," by

Mr. C. K. McIntosh, Vice-President of the Bank of California, San Francisco, California.

FOREIGN INVESTMENT AS AN AID TO FOREIGN TRADE

BY

Mr. C. K. McINTOSH, Vice-President,
The Bank of California, San Francisco.

Mr. Chairman and Gentlemen: The value of investment in oversea development enterprises in order to create a demand for American manufacturers is almost axiomatic. It is one of the first of the things desirable and necessary to secure the realization of our hopes of building up and perpetuating our trade with foreign nations, which presents itself to us in a consideration of the ways and means of acquiring a firm footing in the markets of other countries. In the discussions which have taken place at previous meetings of this body, this subject has been given its full share of attention and many valuable and instructive papers bearing upon the question have been presented.

You have fully agreed upon the theory that investments of American capital in foreign countries are desirable and even necessary as a part of a successful program of trade expansion; you have discussed the practical questions involved, and have outlined the general course which investors might take to exert the greatest influence in accomplishing the desired purpose. There is, therefore, little concerning either the theory or the practice which remains to be said, and with which you are not now familiar; but it may not be amiss to review, very briefly, some of the basic reasons, even though already well known, which underlie our wish and determination to extend and make permanent the market for our manufactures in other lands, and at the same time to consider what obstacles, if any, lie in the path of our desires.

Now, why are we seeking to develop foreign trade?

Certainly not for the narrow and individual reason that an extension of our trade to foreign fields will enable us to enlarge the profits of our individual enterprises.

We seek foreign trade because we know that its attainment is a step toward the solution of a problem, vital to all within the nation's borders, from its Chief Magistrate to its least important citizen, the problem of the welfare of all of its people.

I need not point out to you that the economic welfare of a people is largely measured by the productive industry of that people. It is not necessary to again direct your attention to the fundamental error in a country such as ours, with rapidly increasing population, of sending abroad a wealth of raw material to give, in its fabrication, profitable occupation to the workmen of other lands, while our own artisans seek employment.

You well understand that with our lavish endowment, by nature, of materials and with our labor constantly engaged in its conversion into the finished products of manufacture, we will produce more than our average domestic markets will absorb and that we must then either curtail our production and cease to employ some of our people, or find another market for the surplus. That means foreign trade and we seek it, not primarily that our investments in certain industrial enterprises may return us increased dividends, but in order that the greatest possible number of the citizens of our country may be engaged in profitable employment, for, even selfishly considered, that means more real prosperity to each of us than increased dividends could afford.

EXCHANGE OF VALUES

The simple production of a surplus of manufactures, of a kind that other peoples need, is not all there is to be done. We have to meet, in competition, the manufacturers of other nations seeking an outlet for their wares from the same motive which actuates us, and, in many cases, already well entrenched in the fields towards which we look. Goods bought must be paid for and the quality and desirability of the goods themselves are not the sole deciding factors in selecting the place of purchase. With our prospective customers it may not be a question of funds with which to pay for their purchases, but a difficulty in securing funds of a kind in which their debts are payable. If we could all satisfy our needs and desires by exchanging with each other articles of equal value, trade would be simple and we would have no use for the yard-stick, which we call money, at all; but the value of exchanged commodities being inevitably unequal the difference between sales and purchases must somehow be met.

This brings us to the whole question of the exchanges and the settlement of balances.

The prospective customer, with a bank account full of pesos, for example, who desires to buy goods from us priced in dollars,

must learn, in determining the desirability of making his purchase, not only what the goods will cost in dollars, but what the dollars themselves will cost. In our efforts to secure his trade, therefore, it is as much to our interest as it is to his to make the dollar price attractive as compared with the pound sterling, mark or franc price of our competitor.

To make our effort as simple as possible, we take as much of his products as we have need for, in exchange for our goods, but unless we can find a way in which the balance can be settled as advantageously for the purchaser as our competitor can settle it, our competitor gets the business and our dream of foreign trade is dispelled.

In the past we have, generally speaking, been obliged to content ourselves with the practice of meeting our foreign debtors and creditors, of whatever nationality, in London, where all of us had values, and there we would exchange them and square our balances.

Even when we transform pesos directly into dollars they don't always look the same or have the same purchasing power, but when we undertake to filter them through pounds sterling, or any third medium, we have doubled our chances of their looking differently. The more pesos we have to transform or to filter the greater becomes our problem of making the resulting dollars a reasonably constant and satisfactory quantity. So the smaller the ultimate balance which must be settled by actual payment, the greater the prospect of stable exchanges, and with the greater accuracy may our foreign customer estimate the cost of his projected purchases. All of this that I have said is rather obvious and elemental, but is repeated for the purpose of emphasizing the fact that our success in securing a firm hold upon the trade of our neighbors will depend in a large degree upon our ability to stabilize exchanges between ourselves and them and that consequently whatever we can do to bring about that stability is not only desirable but absolutely necessary if we would succeed.

We must, therefore, exercise all of our ingenuity in making the ultimate balances as moderate as is possible.

GOLD IMPORTS

Shipments of gold are all right at times, but it by no means operates to our advantage to drain the gold supply of another trading nation or to over-fill our own coffers. Since gold is the foundation of the credit structures of the leading commercial peoples and

since the disturbance of credit equilibrium anywhere is felt, more or less, anywhere, our interest in the soundness of credit conditions overseas is second only to our interest in conditions at home. So after we have taken all of our neighbors' goods that we can absorb and all of his gold that is desirable for him to send or for us to receive we must utilize other expedients to make up the difference in values in order to insure smooth working.

We may lend his country money and thus establish a fund of dollars to be drawn against, or we may make proper investments in his country which will not only also provide a fund of dollars but, judiciously made, will increase his purchasing power by aiding in his country's development and increasing the demand for such things as we desire to sell to him. The most intelligent metropolis is the one which best understands that it can make no real commercial progress at the expense of its back country, and that it has no more important function, even selfishly considered, than in contributing to the upbuilding and the prosperity of its tributary territory. That is equally true on the larger, national scale, from the trading standpoint, and we can render ourselves no more effective service than an effort to place our neighbors in a better position to trade with us, by making in their own lands, investments which stimulate their growth and commercial activity.

INVESTMENT POSSIBILITIES

Certain lines of investments naturally suggest themselves to us as those which, of themselves, will create a demand for our goods and others which tend to stimulate the growth of communities and enable them to become greater consumers. For example:

The help in the building and equipping of railways which will open new and productive territory.

The development of the mineral deposits which perhaps the railroad we have built may have made accessible.

The harnessing of the streams and the conversion of their forces into hydro-electric power for the use of the mines we have opened up and the carrying of the surplus energy to the centers of population, to aid in their growth and development.

The directing of the water, which has turned the turbines in the hydro-electric plant which we have just finished, to the rich but thirsty lands, in order that they may no longer be barren, but may flower and fruit and bring forth crops needed for food, for use in

manufacture, or for the fattening of the herds of cattle which we have it in our minds to pasture upon the hills.

Then follow the packing houses to handle the fattened beef and the harbor works made necessary by the increasing commerce which we have assisted in building up.

The snowball grows with its own motion, and the railways and the mines and the hydro-electric plants require the material and machinery which we can produce and branch houses of American firms are found necessary or desirable to supply the quick demands of the trade acquired and to aid in extending the field of operations.

These houses find growing at their doors those products which are needed at home, and which the home country cannot produce, so they buy these products, load them into the ships which have brought down the stocks of merchandise in which they trade, and with the returns from their sale in the home country help to pay for the American goods.

Whenever we secure the investment of American money in the loans or enterprises of another nation, we have provided a fund of American dollars against which the people of that nation may draw in payment for goods purchased of us.

However, we have not, as yet, anything upon our statute books which provides for a conscription of capital for such a purpose, however laudable and generally helpful, so we must of necessity rely upon the inclination of those whose capital it is and who possibly entertain the belief that they may do somewhat as they choose with their own. It will probably be their inclination to ask questions concerning such things as the soundness of the investment offered; the probability of its being returned to them in due course, with reasonable profit or interest; and since the proposed enterprises are in foreign lands they may wish to know something of their legal position as foreign investors, and as to the degree of protection which they might expect from their own government in that position.

We said a few minutes ago that the attainment of foreign trade "Is a step towards the solution of a problem vital to all within the nation's borders from its Chief Executive to its least important citizen," and as the owner of capital is somewhere between those two extremes we might be justified in the hope that he would see his helpful duty and would do it. Possibly; but, by the same token, there are some others of us in that category of citizens, all of whom have responsibilities and without whose realization and performance of their duties, the assistance of the investor will be unavailing and

indeed may not, in all fairness, be expected. This is a national question and requires a national type of co-operation.

GOVERNMENT AND INVESTMENT

We have the right to expect that each one of us will see his helpful duty and will do it. We are justified in the hope that the producer of the raw material, the manufacturer, who fabricates them and the workmen in the mines, in the forests, and in the factories will realize that they are all parts of one machine operating for the general welfare. We should be justified in the belief that those who make the laws and regulations under which the machine must operate will some day see that they, too, are parts of it and not mere spectators standing by to watch its creaking efforts and occasionally to provide, with an uncanny ingenuity, some fresh obstacle for it to hurdle.

We may reasonably expect that the executives and administrators of the laws and regulations will have the fullest realization of the common end which is sought and will exert their every energy in a helpful effort to safeguard and protect the machine and its operators. Enterprises or investments, either at home or abroad which will produce a beneficial effect upon the nation's progress, whether by giving productive employment to an added number of our own people or by increasing the purchasing power of a foreign customer and thereby adding to the possibilities of our foreign trade, deserve and in fact require laws and regulations, and the administration of both which are not only not hostile or obstructive, but are intelligently helpful and earnestly co-operative. Particularly are those upon whom we urge the patriotic wisdom and domestic benefit of investments abroad, entitled to an assurance that we will not wash our hands of them, once their co-operation is secured. They should know that they whom we hail as "helpful investors," will not be stigmatized as "predatory exploiters," should the degree of protection, which they have every right to expect, sometime prove embarrassing to us. It may be accepted as conclusive that, without the belief that they will have the right to claim some degree of protection from us, we may not hope for their assistance in our trade extension plan.

The potentially great commercial empires of Central and South America, arrested in their development by the curtailment of European investments, lie open to our overtures for a new trading con-

nection to a degree unanticipated, in the natural course of events, for a generation.

The later upbuilding of Russia on the Pacific offers a future field of stupendous magnitude. In both directions ties of friendly sentiment work to our advantage. The difficulties and problems are largely within ourselves; we lack in the first place a national comprehension of the factors necessary to any general progress. Business habit, custom, and the tendency of business legislation are all opposed to co-ordinated action, and it will require the co-ordinated efforts of all of us if we are to take full advantage of our unusual opportunities. We have blindly divided ourselves into so-called classes and accepted, as fact, the fallacy that our proper interests are divergent instead of identical. Our land is rich and nature lavish, so we have developed, as it were, the muscles which will give us the greatest advantage in scrambling amongst each other for the plums which fall, rather than the sinews which would enable us by co-operative effort to plant yet more plum trees that we might share the larger yield. It may be that we all have inherited or acquired a distorted vision as to the things desirable in our progress and that a clearer view might perhaps disclose the fact that, in struggling along the path leading to the goal of individual success, we were not on the best road; that the highway which runs towards common advancement might prove better traveling and lead to an objective more satisfactory to each of us.

We have permitted the political demagogue to make our supposed divergent interests his stock in trade and by fostering suspicion and distrust to inflame the minds of some to the detriment of all. We may as well look these conditions squarely in the face and recognize them as the fatal handicaps which they are, and we can give to the nation no more patriotic or beneficial service than in helping to the limit of our capability to dispel the distrust and suspicion and to sweep into the scrap-heap of rejected fallacies the apples of discord.

This is not a time for recrimination or for fevered assertions of individual rights. It is rather a time for earnest efforts towards a better understanding of the common purpose and for a serious contemplation of individual duty; rights take care of themselves when all duties are performed. We must cultivate a broader viewpoint and school ourselves to think in terms of the whole and abandon our habit of thinking only in terms of the individual.

It is not suggested nor is it to be expected that the millennium

will come upon us or that the ingrained traits of human nature may be entirely ironed out by simply taking thought; but straight thinking may convince us that our individual interests are advanced by national team work and that the energies expended without common sense co-ordination may largely be wasted energies.

Foreign investment is an aid and even an essential to a realization of our possibilities in foreign trade but it will not alone avail. For success in foreign trade and in our domestic progress as well, we must have a clearer understanding and the intelligent co-operation of "all within the nation's borders, from its chief magistrate to its least important citizen."

PRESIDENT JOHNSON: The meeting is now open for discussion under the five minute rule.

MR. H. A. ROCK, Vice-President, The Van Dorn Iron Works Company, Cleveland, Ohio: I am very glad to see our leading bankers take so much interest in foreign trade. This is a new thing for us. In shipping our goods, most of us want our cash before the goods are shipped. That is the trouble, the bankers say. But the National City Bank has opened branches in South and Central America, in Italy and Russia, and that will no doubt help the situation in opening credits in some way so that those people will have goods on credit based on something substantial. A gentleman from the City Bank stated to me a few days ago: "The trouble is not with the banking; the trouble is with the manufacturers themselves. They insist on shipping the goods they want and not what the people on the other side want." [Applause.]

MR. W. C. LEGENDRE, Brown Brothers & Company, New York City: Last year at the Convention in New Orleans I ventured to say, in response to a gentleman who came from the West who asked what the bankers had done to help the manufacturers, that Messrs. Brown Brothers & Company and Messrs. J. & W. Seligman & Company had organized the Mercantile Bank of the Americas, just then started. I observe that Mr. Neilson, Vice-President of the Bank of the Americas, is here, in case he cares to say anything.

MR. CHARLES S. CALWELL, President, Corn Exchange National Bank, Philadelphia, Pa.: As Vice-President of the American Bankers Association, I want to announce that at a recent meeting of the Administration Committee the policy was decided upon to appoint a committee to co-operate with a similar committee from this or-

ganization along the lines suggested by Mr. Lewis E. Pierson in his address to-day. That committee will be appointed in the very near future.

MR. JASON A. NEILSON, Vice-President, Mercantile Bank of the Americas, New York: I do not feel that we should come in for too much publicity at this time in connection with the Mercantile Bank of the Americas, insofar as the exporters of America are concerned. For a year and a half we have been busily engaged in developing along the other lines. We have been working along the west coast and in the Central American countries intensively developing relations there, with the idea that if we were ready when you wanted us, when you had developed so that you could come into these countries and deliver the goods they want, we would be ready to serve you. We are already serving some of the larger concerns. We do not find it possible, however, to do everything in a day. We find a great lack of banking talent along this special line, because it requires merchant bankers to do this work, and America has not many of them. It would appear that it is our job to take men who know mercantile life and who have had some experience in banking, in financing their own organizations, or otherwise, and develop them into bankers, provided they know the language and have some experience and knowledge of the people of Peru, Ecuador, Colombia, Guatemala and Nicaragua. I pick these countries especially because they are probably the most difficult to develop in this work; and I think we are ready to "deliver the goods" in these countries at this time. While we have found that we have all we can do without seeking publicity, perhaps it would be interesting to you to know that there is such an organization as ours and that the principal stockholders are Brown Brothers & Co., J. & W. Seligman & Co., and the Guaranty Trust Co. The Mercantile Bank takes no deposits in the United States of America and does not compete with your bankers, but co-operates with them. It does not care for your deposit account, but simply acts as a clearing house for foreign trade and intensively enters into the trade of the merchant. It will take care of the merchants' representatives when they go down there. In other words, we are endeavoring to Americanize the English and German commercial banking systems and to create an American institution which has all the elements contained in the systems of other nations. [Applause.]

We have a Paris office, by the way; and we also found, when we got into this thing, that we could not go into it superficially: we

found that we must work in partnership with the people of the South American countries, and we are succeeding wonderfully along that line. I thank you. [Applause.]

PRESIDENT JOHNSON: Gentlemen, this is a first rate discussion; just what we want. Mr. Jones, of The Royal Bank of Canada, will speak.

MR. R. E. JONES, Royal Bank of Canada, New York City: I am not prepared with a speech, but Mr. Neilson's remarks recalled to my mind a recent experience which I think it would be well for the manufacturers of this country to know. We have had considerable experience in foreign banking. We have been rather pioneers, but welcome competition from America because, as you know, Canada calls herself part of America. [Applause.] Along that line, Canada, through my bank, has been helping the American manufacturer perhaps more than you imagine. I dare say that 80 per cent of our collection business in the West Indies to-day is handled for American manufacturers. I say this in shame of American banks.

However, I want to tell you a real experience with European practices in South America where we have our American manufacturers at present going down looking for business. You have been told how the American manufacturer likes to give them something else, instead of giving the foreign buyer what he wants. But you go down primed with letters of introduction to South America. You go into one of the established local banks or English banks. You are welcomed a little coldly, perhaps, at first. If you have a letter of introduction to one of the German banks you are received with open arms, and they will tell you all about the place, and give you credit information,—which may be right. [Laughter.] They ask you who you are selling and what line of goods you have to sell; whether you have a catalogue, and if so they would like to have one; and they say;: "We will see if we can't introduce some of our customers to you;" but immediately they send the information to their Consul announcing that American competition is there on that particular line of goods.

My point is this: The American banks are going out after this trade. They are trying to help you, and when the time comes to have their representatives there, if the American bank says their rate is $\frac{1}{4}$ of 1% and the German or other foreign bank should say they will handle it for $\frac{1}{16}$, you should give the business to that bank which has been helping you and then particulars of your invoices and prices won't go back to Germany by the following steamer.

MR. GEORGE L. LEWIS, The Lewis Electric Welding & Mfg. Co., Toledo, Ohio, representing the Toledo Commerce Club and the National Association of Credit Men: Gentlemen, I just want to say a word as an ordinary machinist. I went into South America with the intention of staying four months, and before I got through I was there four years. I learned the language. I did exactly as you were told to do in some of these papers this morning; that the English, the German and the French go into that country and make it their home. They leave their native land with the expectation of making their home in a foreign country, becoming one of that nation. The American does not do that. If he did, it would do him no good as things are taking place to-day. The American goes into that country and doesn't speak the language; I think the gentlemen will bear me out, that in doing business through an interpreter you are made fun of. That was my experience. If you succeed in getting business you must do business through your competitor. You must do business through his bank. You must ship your goods from America to any port in South America over his steamship line. When I came back from South America the gentleman I was working for wanted some prices on structural steel. I came to New York City and got prices on steel f. o. b. Bremen. I said, "I didn't ask for German steel." He said, "You are getting American steel; we can ship steel to Bremen and transship it cheaper than we can ship direct to South America." As was said this morning, we must have our own mercantile marine. [Applause.]

Gentlemen, I am not accustomed to talking in public, but I am heart and soul in this. I came back from South America and went to some manufacturers, telling them their goods were falling down, and I tried to show them where they were wrong. The next shipment they made went the same way. As was said before, you have got to give those people what they want. You have to take time with them. Once you get their confidence the devil can't get them away from you when you say that white is white and black is black, because they know they are dealing with an honest man. [Applause.] We need more American banks. The credits run from six, nine to twelve months, and we have to have banks that will take care of it.

MR. JOHN F. FITZGERALD, Republic Publishing Co., Boston, Mass., and member of National Foreign Trade Council: Mr. Chairman, apropos of what the gentleman has just said about banking and the criticism of public men in one of the addresses a few

moments ago, I want to say it is my experience that the average man in public life wants to do what the business interests of the country think should be done, if they get an opportunity to know what the business interests of the country require; and I want to call it to the attention of this wonderful audience of business men that it was men in the public life of the United States a few years ago who organized the banking system of this country on a rational basis. I was present as a Member of the 54th, 55th and 56th Congresses—1905 to 1911, and when the report of the Banking Committee was called for—though there were upon the statute books of this country banking laws that would not do credit to any one—there were as many different reports presented as there were members of that Committee; and it is my understanding that during all this time that the banking interests of the country could not agree upon a proper financial measure to recommend to Congress, every one of you must admit that the present Federal Reserve Act—which has accomplished wonders—I don't know what we would have done without it in the present world's crisis—was the product of a young man in West Virginia who wasn't heard of before he went into Congress—Mr. Glass. [Applause.] Gentlemen, that is a matter of history.

Now, another word apropos of what the gentleman has said about the friendship of South America. I had the honor of being Mayor of Boston when the International Congress was held there. Men came there from all parts of the world, and particularly representatives from the South American countries. The Panama Canal had just been opened and they were anxious to see evidences of friendship on the part of the Americans, and when I told them that two thousand boys and girls in the Boston High Schools were studying Spanish, that was the topic of their speeches the whole evening; and when I told the Ambassador from Brazil that some of them were taking Portuguese, he said, "This is the first evidence I have seen of any regard on the part of the American people for my country." In order to get South American trade, the banks must go to the people; our boys must be educated in the schools to know international banking methods; they must know Spanish and Portuguese and be taught to read and write in these languages. That is the secret of the success of a country like Germany, that is revolutionizing the industry of the world, because they have gone into these countries with this type of man. Essays should be written in our colleges as to why the American Merchant Marine is in such a de-

plorable state—essays of a practical character—and after you get the boys thinking of those things—after you get the young men of our colleges delving into books and studying the map of the world, instead of some things that will do nobody any good—then you will have education for foreign trade that will give results. [Applause.]

MR. FESTUS J. WADE, President, Mercantile Trust Company and Mercantile National Bank, St. Louis, Missouri:

Mr. Chairman and gentlemen: I, in common with every other man in this nation, am deeply interested in the development of our foreign exchange. It cannot be developed without the assistance of the investors of this nation, and unfortunately there is a misconception and a misunderstanding in regard to the value,—the intrinsic value, the absolute value—of the loans to the foreign nations made in this country.

Those of us that have studied the value of these foreign loans are convinced, beyond the peradventure of a doubt, that England, France, Russia, Italy and Germany will all meet their interest and the principal of their obligations at maturity, and that these bonds are prime investments for the people of this nation. [Applause.] Fear is in the minds of many of us because of the stupendous war debt that is daily being created in this horrible war. It is estimated somewhere at about 75 billion dollars, and I want my fellow citizens here and now to specifically differentiate between the external loans such as are being made in the United States, and payable in the American gold dollar, to the warring countries of Europe, and to the neutral countries as well, and the internal loans that are taken up by the people of those respective warring nations as well as the respective internal loans made by the neutral nations.

Let me run your minds back to our own great war of 1861-1865, to a time when this country was rent almost asunder. It was a question as to whether the gray or the blue would ascend in supremacy in that contest of four years. Almost one-half of our nation was devastated. The wealth of the whole United States was computed by statisticians, at that time, to be 16 billion dollars, and that war cost this nation,—the Union, after it was organized,—laying aside the loss to the people of the South, more than 18 per cent of our entire wealth.

Therefore, when you compute the wealth of the Central Powers and the Allied Powers now at war, throwing aside all of their colonies and also all the neutral nations, the external debt, the debt that those people of those nations now at war owe the people of the

United States to-day, is less than three-fourths of one per cent of their wealth. [Applause.] And in talking to a lot of men in this country who are desirous of developing the foreign trade of this nation, bear this fact in mind: to develop foreign trade you must develop credit, and you must not fear the loyalty, the fidelity, the faithfulness of those nations which are borrowing from us to meet their obligations.

Let us assume for a moment that such a thing could be possible. (I say assume. I tell you it is not possible.) But let us assume, for a moment, that any of those great nations, France, England, Germany or Russia, repudiated their obligations to us, even though they were five times the amount they are to-day. What would happen? They would not be importing their goods, and we would not be exporting ours. Such a condition can never arise, and I say to you, gentlemen, in the manufacturing industries, and those of you that represent commercial establishments, and those of you that are on financial boards, that you should go from this Convention with the absolute conviction that it is your duty, as American citizens, to sustain the credit of these nations at war as well as the nations who, fortunately like ourselves, are immune from it, and advise your friends and advise your constituency to support the credit that these people are getting from us; first, because it is absolutely sound; and second, because that will do more to develop the foreign commerce of this nation than all of the conventions or meetings you may assemble within one year.

And let me again appeal to you—not that I have any interest in anything except as one of 110 million people,—let me again appeal to you to study the value, to study the intrinsic value of these external loans made by the people of Europe in their hour of distress, with the absolute assurance that every dollar of it will be met, and we, as a nation, as a nation of commercial men, will build up our commercial establishments, increase our agricultural resources, develop our mines and our financial institutions. [Applause.]

CO-OPERATION IN FOREIGN TRADE

THE WEBB BILL

PRESIDENT JOHNSON: The next on our program is a synopsis which will be presented by our Secretary, Mr. Patchin, of a report of the National Foreign Trade Council upon the Webb Bill. This will be followed by discussion.

MR. ROBERT H. PATCHIN, Secretary, National Foreign Trade Council, New York City: This subject has been discussed at all Foreign Trade Conventions since the first, when it was declared that prevailing doubt as to the application of the anti-trust laws to the export trade of the United States was so general and widespread that it amounted to a prohibition of the same co-operation among our exporters that they encounter from their foreign rivals. The Webb Bill, as introduced in the House of Representatives, and before two amendments were added by the House which would nullify it, was recommended by the Federal Trade Commission. Without going into technicalities, I may say it relieves from the operations of the anti-trust laws any association formed exclusively for export and actually engaged only in export trade, provided that its operation does not illegally restrain commerce within the United States, and provided further that it plays fair with others engaged in the export trade from the United States. It is also provided that the co-operative export association shall file all the essential facts of its organization with the Federal Trade Commission. Its operations, therefore, will be attended with far greater publicity under the eye of the Federal Trade Commission than is required of any corporation organized under the laws of a state.

The bill is before the Senate Interstate Commerce Committee now. Unless that Committee reports the bill quickly it will be delayed until the last days of the Session when one or two Senators can prevent its coming to a vote and it will fail of enactment just as it did last summer. It will then have to be taken up at the next session, at least three years since our first convention emphasized its necessity and the war made it apparent to all. And so, with the public sentiment in this country almost unanimously in favor of giving exporters a fair chance, we will be, after the war, in the position where nothing has been done. [Applause.]

"THE WEBB BILL"**REPORT**

of

Committee on Co-operation in Foreign Trade of

National Foreign Trade Council

and the necessity for immediate enactment of
H. R. 17,350 (The Webb Bill) "An Act to
promote export trade and for other purposes."

PRESIDENT WILSON TO CONGRESS.**Annual Address, Dec. 5, 1916.**

"Three matters of capital importance await the action of the Senate which have already been acted upon by the House of Representatives: the bill which seeks to extend greater freedom of combination to those engaged in promoting the foreign commerce of the country than is now thought by some to be legal under the terms of the laws against monopoly. * * *

"I shall not argue at length the desirability of giving a freer hand in the matter of combined and concerted effort to those who shall undertake the essential enterprise of building up our export trade. That enterprise will presently, will immediately assume, has indeed already assumed, a magnitude unprecedented in our experience. We have not the necessary instrumentalities for its prosecution; it is deemed to be doubtful whether they could be created upon an adequate scale under our present laws. We should clear away all legal obstacles and create a basis of undoubted law for it which will give freedom without permitting unregulated license. The thing must be done now, because the opportunity is here and may escape us if we hesitate or delay."

RECOMMENDATION.

The President of the United States, the Secretary of Commerce and the Federal Trade Commission having recommended,

and the House of Representatives having passed the Webb bill, the National Foreign Trade Council, after a diligent investigation, renews and amplifies its previous recommendation for early enactment of this legislation establishing the unquestioned legality of co-operation in American export trade.

The necessity therefor can be no better expressed than in the resolution unanimously adopted at the First National Foreign Trade Convention at Washington, D. C., in May, 1914:—

“**WHEREAS**, Throughout the markets of the world combinations of our competitors are encouraged by their Governments, and

“**WHEREAS**, Our anti-trust laws, though powerless to forbid foreign combinations against us, nevertheless purport to regulate foreign commerce and apparently forbid American exporters to co-operate in the development of our foreign trade; now therefore, be it

“**RESOLVED**, By the National Foreign Trade Convention, a non-political, non-partisan gathering representing in the aggregate millions of Americans, both employers and workmen, throughout the United States whose welfare depends upon the successful competition of American exporters abroad,

“That we urge Congress to take such action as will facilitate the development of American export trade by removing such disadvantages as may be now imposed by our anti-trust laws, to the end that American exporters, while selling the products of American workmen and American enterprise abroad, and in competition with other nations, in the markets of the world, may be free to utilize all the advantages of co-operative action in coping with combinations of foreign rivals, united to resist American competition, and combinations of foreign buyers equipped to depress the prices of American goods.”

The National Foreign Trade Council reaffirms the foregoing resolution and urges the United States Senate to enact the Webb Bill (H. R. 17,350) **WITH CERTAIN NECESSARY AMENDMENTS**, for the following additional reasons:

1. The doubt, amounting to prohibition, of the right to co-operate enables foreign buyers, playing American producers one against another, to obtain American raw materials cheaper than American buyers, which with the lower European labor cost gives the European merchandise fabricated therefrom an added advantage in competition with American goods.

Inability to co-operate thus confers upon our competitors a practical subsidy.

2. Co-operation in export selling is imperative to meet the proposed post-bellum co-operative buying not only by groups of European industries but even by governments with the object of controlling prices.

3. Co-operation would enable many similar manufacturers and merchants jointly to develop abroad selling power and resources too costly for them to develop individually.

4. Greater stability of export business could be obtained through co-operation, and a wider distribution obtained of the benefits of oversea sales as a balance wheel against recurring periods of domestic depression and unemployment.

5. Reduction of "overhead" cost of foreign selling.

6. Increase of **NORMAL** export trade is essential to defend the gold reserve from sudden drains due to increased European competition.

7. Since the countries with which 95 per cent. of American export commerce is conducted have their own anti-trust laws, the application of the American laws to exporters merely subjects them to a double standard and cannot reach their competitors.

The Council urges the elimination by the Senate of the amendment forbidding export associations organized under this act from "trading in or marketing" goods, wares and merchandise in the United States (Sec. 1). This amendment, apparently without full appreciation of its effect, was agreed to in the House to meet the fear that a co-operative association, dealing in a commodity of which a large part is normally exported, might have thereby the power to control domestic as well as export prices. The prohibition against "trading in or marketing" in the United States is unnecessary because the anti-trust laws, the domestic effect of which remains unaffected, would prevent unreasonable restraint of the domestic market, but, the prohibition might be construed to prevent the export association from buying the very commodity which it is organized to export. The House, which passed the bill by a vote of 199 to 24, clearly never intended thus to nullify it.

Another amendment, providing that associations, agreements, etc., in export trade shall not be deemed illegal under the Sherman Law provided they "do not restrain the export trade of the United States," is also contradictory of the purpose of the bill.

Such associations and agreements may be technically in restraint of export trade but because such restraint is in the public interest it is the purpose of the bill to exempt them from the anti-trust laws. This exemption is nullified by the amendment the elimination of which is urged. Every possible safeguard against unreasonable restraint of domestic commerce should be included in the bill. The Federal Trade Commission likewise has recommended the elimination of these amendments.*

Necessary Even Before War.

The resolution above quoted of the First National Foreign Trade Convention was adopted by four hundred American business men representing the producing, manufacturing, merchandising, transportation and banking elements engaged in, or affected by, foreign trade. Representing all sections, they declared for freedom to co-operate in foreign trade as a necessary part of a sound national foreign trade policy.

The declaration came at a time when industry languished, labor was idle, and machinery stood still. A steady increase of foreign trade, beginning in 1908, had been arrested. Exports in 1914 had fallen below 1913, but imports had increased. Natural commodities predominated in the exports and finished manufactures represented the enterprise of a comparatively small number of industries. The previous enactment in 1913 of a competitive tariff had turned the eyes of many producers to foreign markets. Slack demand at home prompted investigation of opportunities abroad, for both those already embarked in export trade and those desirous of beginning found across their path the obstacle of European government-encouraged export combinations enabled by co-operation to eliminate destructive competition, reduce the cost and increase the efficiency of foreign selling.

The natural tendency of American exporters was to resort to similar tactics, but here they found themselves hobbled by doubt as to the legality of such co-operative effort under the American anti-trust laws. Legal opinion from bench and counsel presented a welter of conflict. The average business man declined to take any chance of prosecution. Bankers declined to finance combinations the legality of which was open to question. Manufactures devised by American inventive skill and fabricated by

* These amendments are eliminated in the Webb bill as re-introduced in the 65th Congress, April 9 [see p. 179].

American labor and well adapted to foreign needs remained unexported because the cost of introduction to the over-sea consumer was too great for the individual company, and co-operative effort on the European plan legally too hazardous. Meanwhile, leagues of foreign buyers, skillfully playing one group of American producers against another, were obtaining the products of American fields, forests and mines at less than domestic prices.

Europe's Advantage.

Foreign manufacturers thus obtained American raw materials more cheaply than American manufacturers, a telling advantage in the ultimate contest to market the finished merchandise. The American producers thus exploited dared not co-operate. An incalculable advantage rested with Europe.

War Trade Prosperity.

The European war restored prosperity to the United States. Abnormal demand and prices for munitions, foodstuffs, and raw materials accelerated industry and recalled idle hands to the forge. During the fiscal year ended June 30, 1916, exports exceeded imports by more than two billion dollars. Trade with neutral markets as well as Europe has grown. Export commerce is more diversified, a greater number of manufactured articles being sold where natural products formerly predominated. The full time and overtime operation of many mills and factories is due to foreign demand.

The principle that foreign trade is a vital element in domestic prosperity is daily demonstrated. An unprecedented proportion of American labor and invested capital is now dependent upon foreign markets. The outstanding development of the last two years has been the entry of smaller manufacturers and merchants into export trade. Factories once content to serve the home market alone have grasped oversea opportunities and have gained a wider outlet as a balance wheel against domestic depression. Workmen once indifferent whether their handiwork was sold in Indiana or in India now realize that their employment partly depends upon sustained oversea business.

Unprecedented Gold Reserve.

European populations engrossed in war have been unable to produce the commodities necessary to pay us for supplying their

needs, and have liquidated their purchases in gold. The antebellum flow of American gold to Europe was reversed early in the war and our gold reserve has become the largest in the world's history; and as all bank credits are based upon gold reserve, loans and discounts have increased in proportion until there exists a structure of credit in domestic as well as foreign trade supporting an expansion of business so active and diversified that there is not in the United States to-day a justifiably idle able-bodied man.

Discussing this question at the Third National Foreign Trade Convention, Mr. Frank A. Vanderlip, President of the National City Bank of New York said:

Exports Necessary to Defend Gold Reserves.

"So long as the war goes on, the world will be so tipped askew, in all probability, that the gold holdings of other countries will continue to fall into our lap. As the gold falls, it will be added to our reserves. As these reserves grow, so will our credit structure based upon them. When the war is ended, we will find all Europe depleted of its gold, staggering under a weight of inflated bank and government paper and under the direct stress to rebuild its stock of gold. The point of attack will be our gold reserves. The methods will be **every means known to trade and commerce by which merchandise, securities and credits can be exchanged for gold.**

"The laws of political economy will be on the side of the attack. A plethora of gold, such as we will have, always means rising prices. We will establish a price basis here which will make us a good market to sell in and a bad market to buy in. We are now advancing our labor costs, and that and every other element that enters into production will, under the influence of this great increase in our gold reserves, tend toward high market values. If we find ourselves, when conditions start again toward the normal, to be the market where prices are the highest, where the cost of production is the greatest, and where the interest rate is the lowest, the road will be open for attack upon our gold reserves. If that attack is successful, then the whole credit structure that will have been reared upon it must be rudely reduced, for the reduction in credits must be many fold greater than the loss of gold.

"Efforts in the way of defense, such as excessive reserves or short-term foreign investments, must be as nothing when com-

pared to what is possible in the form of credits created by exports of produce and merchandise."

Fortuitous Elements in Present Commerce.

In 1913 the per capita foreign trade of England was \$149, of Germany \$79, and of the United States only \$44. In 1916 it is estimated that that of the United States will be \$76, or \$69 without ammunition or firearms.*

This excess of export trade over normal rests upon the following circumstances:

- (a) Abnormal war demand and prices for munitions, foodstuffs and raw materials.
- (b) Elimination of normal European competition through occupation of European factories in munitions production.
- (c) Loss of labor through enlistment or conscription and belligerent restriction of normal exportation.
- (d) Curtailment of investment of European capital in neutral markets, normally a stimulus to European export trade.

Effect of Peace Upon Export Trade.

These abnormal conditions having prevailed for nearly two years, many Americans are in danger of relying upon them as permanent. No greater fallacy is possible than to neglect to anticipate, after the war, the following developments:

- (a) Cessation of war-demand and prices for munitions, reduction of prevailing high prices for foodstuffs and raw materials by reason of restored European competition, normal transportation and international movement of raw materials.
- (b) Resumption of European competition in home and neutral markets by reason of return of soldiers to industry and the lifting of military embargoes from exportation.
- (c) Renewed activity of European export and import combinations with increased governmental support and possibly preferential tariff and navigation arrangements under economic alliances.

*Of course the war has increased the demand and prices for many other lines of merchandise than ammunition and firearms.

- (d) Renewal, as rapidly as business conditions and national, or even international, fiscal policy will permit, of European investment in neutral markets, the most effective method of creating a foreign preference for merchandise of lending nations. European war finance has been moulded to protect trade-winning investments; their nourishment will not be neglected with peace.

Against the foregoing competitive elements operating to reduce American export trade must be set the increased demands of renewed peace activities, return of confidence, demand for materials for immediate reconstruction of devastated districts and revival of development enterprises. It is impossible to estimate the extent to which these factors will quicken war-deadened enterprise.

Europe's instrument for these activities will be co-operation, beginning with cartels and trade associations of producers of natural products such for instance as coal and potash, manufacturers, exporters, importers, transportation companies and bankers, re-inforced by the backing of the State and, unless the discussions and exchanges with which Europe now vibrates shall fail, supplemented by economic alliances succeeding the war alliances now in force. A prospect of abandonment of the most-favored-nation relation, so long governing international commerce, and the erection of a system of commercial preferences and discrimination through economic alliances, is now opened to view.* This would involve nothing more than the application to international relations of the principle of co-operation encouraged in industrial units before, and adopted nationally by all belligerents during the war. The belligerents will have expended for war, by Aug. 1, 1917, a sum estimated at \$75,000,000,000, the rich powers loaning to the poor. Financial resources have been pooled, and the proposed permanent economic alliances are designed to enable the belligerents now allied the better to carry staggering debts after the war. To this end, the restoration of European foreign trade is imperative and governmental policies impossible before the war are now accepted without question. In free trade England, commerce is surrounded with restrictions hitherto unknown. Prohibition of luxury imports, and exports

*See European Economic Alliances, National Foreign Trade Council, N. Y.

of materials essential to military activity, government purchase and control of food-stuffs, government operation of mines, railroads and other utilities, impressment of a third of the merchant marine, limitation of profits, suppression of speculation through the substitution of monopoly buying of staples, government regulation of prices, suspension of foreign investment, mobilization of foreign securities for control of exchange rates, and the promulgation of blacklists are a few examples of national co-operation through subordination of individual rights to those of the State.* At the Economic Conference of the Entente Powers in Paris, last June it was agreed that the Entente Allies

"may for example have recourse to either enterprises subsidized and directed and controlled by the government themselves, or to the granting of financial encouragement of scientific and technical research and the development of national industries and resources, or to customs duty or prohibitions of a temporary or permanent character or to a combination of these different methods."

The British government has since adopted a policy of direct aid to export and import enterprise announced in the following news despatch:

"London, August 1. The government will ask Parliament to sanction a state subsidy of \$250,000 yearly for a decade to the newly formed British and Italian Trading Corporation. Reginald McKenna, Chancellor of the Exchequer, announced this in the House of Commons. The corporation which has a capital of \$5,000,000 subscribed privately by banks, is for the purpose of assisting trade and commerce between Great Britain and Italy."

The subsidy has since been granted. Italy has likewise encouraged a similar organization.

The Berlin Chamber of Commerce [See London Times, June 13, 1915] has announced that "the supply of raw materials for industry will be the most important after the war and that as much shipping as possible must be kept free for raw materials."

Germany already has a number of highly organized "war material companies" originally formed by order of the war office with the intention of having a central organization for the transaction of the War Office's business with the individual manufacturers. With the progress of the war the institution has been very much improved upon and the War Material Companies are now not only the buyers of raw material but they also pro-

* The total prohibition of private importation and the purchase of materials by government commissions in sufficient amounts to meet the needs of entire nations is more than a probability. German economists and officials have announced such an intention on Germany's part.

serve the existing materials. They do not only deal with the war office but also with the manufacturers; in fact they have virtual control of the whole raw material organization of the country.

The leading units are:

The War Metal Company.

The War Chemical Company.

The War Wool Company.

The War Leather Company.

The War Jute Company and others.

Behind them stand the total credit and force of the Central government. Each Material Company again is subdivided in different other companies having for their purpose the collection of raw materials, the buying outside Germany, the distribution to manufacturers, etc. To make the work effective, agencies of the different companies are spread throughout Germany and are conducted as a rule by the Chamber of Commerce or other governmental or semi-governmental bodies.

Each company is governed by a board consisting of leading manufacturers and representatives of the Government.

Further there was formed in Hamburg, under the direction of the well known shipping man, Director Ballin of the Hamburg-American Line, the Imperial Buying Bureau (Reichs Einkaufsbureau) which most likely will act as the head buyer for the German interests after the conclusion of peace.

This whole organization will be put at the disposal of the German industry when peace comes. It is already further augmented by the formation of local export associations. These organizations also stand under the direction of the local Chambers of Commerce which in Germany are governmental bodies.

The Russian Ministry of Agriculture is importing agricultural machinery for its subjects who would be unable individually to overcome the shipping difficulties.

In contrast to this progress toward co-operation on the part of nations with which three fourths of normal American foreign trade is conducted, American exporters are not even able collectively to help themselves.

Co-operation Versus Compelled Competition.

Continuation of the present condition spells **European co-operation, industrial and governmental, versus American compelled competition.**

This spectacle prompted another speaker at the Third National Foreign Trade Convention to say:

"Imagine a squad of recruits, responding patriotically to their country's call for foreign service, paying out of their own pockets for their equipment and training, studying in solitude the use of their equipment with no assistance from the Government except a correspondence course of instruction, and then, without ever having had any company or battalion drill, being sent to the front with the plaudits and best wishes of their grateful country and with the warning that, if they ever fight or even drill as a co-ordinated army, or in any way except as unrelated individuals, they will be liable, when they return home, to court martial and public disgrace! That is the situation of our exporters today." (Gilbert H. Montague, Third National Foreign Trade Convention, New Orleans, January, 1916.)

Character of American Exports.

The need of unquestioned right to operate is shared by two main classes of American exports. In the normal year of 1913, the United States exported merchandise valued at \$2,448,000,000, which, from the standpoint of the effect of organized foreign competition, may be divided as follows:

Raw and partly manufactured products...	\$1,676,000,000
Manufactured products	772,000,000

or about 68 per cent. raw and 32 per cent. manufactured.

Since Europe's existence in the industrial world depends upon importation of raw materials and re-exportation of a considerable portion of them in far more valuable manufactured form, European co-operation is used as a two-edged sword to cut the prices of raw and partly manufactured products imported from the United States and to under-sell or otherwise defeat American export manufactures. It is significant that of the \$772,000,000 of manufactured exports in 1913, \$430,000,000, or nearly sixty per cent., are included in the three classifications: "agricultural implements," "mineral oil," and "iron and steel," the three lines of industry built up by large corporations based upon the principle of co-operation and possessing capital, resources and ability to withstand initial losses comparable to the

cartels and co-operative selling organizations of Europe. But this advantage of organization for foreign trade is not enjoyed by many industries of moderate size whose administration and labor require a foreign outlet.

The enactment of permissive legislation for co-operation in export trade is urged by this Committee for the following nationally necessary purposes:

Conservation of Natural Resources.

1. To conserve natural resources of the United States, and prevent their being used to halt American export trade now vital to domestic prosperity.

2. To extend export of manufactured products of American labor and industry.

3. To enable the smaller producer, manufacturer and merchant more effectively to enter foreign trade.

The United States, in 1913, exported \$586,000,000 worth of raw cotton, \$490,000,000 worth of foodstuffs, agricultural food products and animals, \$107,000,000 worth of forest products, and \$248,000,000 worth of metals and minerals. These formed the bases of manufactured merchandise sold in competition with the United States in the world's markets.

Foreign Control of Copper Prices.

"In ten years ending 1913, a number of large copper producing companies of the United States sold through their several selling agents:

5,560,000,000 lbs. of copper, of which
2,580,000,000 lbs. was sold to domestic consumers, and
2,980,000,000 lbs. to foreign consumers,

bringing a total of \$821,000,000 in money. The foreign buyers paid an average price of 14.38 cents per lb. delivered at foreign ports; the domestic buyers, an average price of 15.21 cents per lb. delivered at home, or \$.0083 per lb. more than the foreigners paid. If other producers sold at about the same average price, the foreign manufacturers who put labor and profit into our copper for the markets they were supplying had a handicap of \$50,000,000, in that period as against the American manufacturers, in spite of the fact that producers of raw copper have had no tariff protection or any governmental help to keep domestic

prices higher. The handicap is simply the result of the advantage combined foreign buying has had as against competitive selling, and the domestic manufacturer could not take the same advantage because the law of this country was holding him and the foreigner's law was pushing him." (John D. Ryan, President, Anaconda Copper Mining Company, First National Foreign Trade Convention, Washington, D. C., 1914.)

Federal Trade Commission View.

The legislation now pending in Congress results from a process of inquiry begun by Congress when, in 1914, it created the Federal Trade Commission and empowered it to investigate "trade conditions in and with foreign countries, where associations, combinations, or practices of manufacturers, merchants, traders, or other conditions may affect the foreign trade of the United States, and to report to Congress thereon with such recommendations as it deems advisable." A summary of the recommendations of the Federal Trade Commission is published as appendix "A" of this report, and the report of the investigation is contained in two volumes, published by the Federal Trade Commission and entitled "Report on Co-operation in American Export Trade." This is a most complete view of the methods of competition and government regulation throughout the world, and should be in the hands of every public official and American citizen interested in foreign trade. Unfortunately, the Commission is prevented by law from printing more than 2500 copies. Congress should be urged by all persons interested, immediately to authorize the publication of at least 20,000 copies.

The Commission's recommendations are contained in the concluding paragraph of the summary of its reports:

"By its investigation the Commission has established the fact that doubt as to the application of the antitrust laws to export trade generally prevents concerted action by American business men in export trade, even among producers of noncompeting goods. In view of this fact and of the conviction that co-operation should be encouraged in export trade among competitors as well as noncompetitors, the Commission respectfully recommends the enactment of declaratory and permissive legislation to remove this doubt. This recommendation is made subject to the condition that

the legislation shall be carefully safeguarded and shall make absolutely clear that the combinations for export business are subject to all the rigors of the Sherman law if they are used to restrain trade in the United States." [See Page 39 of this pamphlet.]

The following extract from the Federal Trade Commission report graphically presents one necessity:

"In various markets, American manufacturers and producers must deal with highly effective combinations of foreign buyers. Thus, exporters of lumber find such combinations in Australia and the continent of Europe. Cotton seed products are handled by combinations of buyers in Holland, Denmark and Germany. Combinations of British coal brokers fix the contract price for bunkering ships at Newport News, Va. Four London firms known as the Fixing Board daily set the price of silver for the world and American mining companies must sell their silver for either the English or the great Indian market to one of these four houses.

"Our forests constitute a rich source of timber, our coal measures are among the greatest known, our phosphate rock deposits parallel the potash beds of Germany, our copper mines produce more than half the world's output and are necessary for the world's demands. Other nations take measures to conserve their natural resources."

Cheap Raw Materials Sharpen European Competition.

"This country, which is the great storehouse of the natural resources of the world, has practically thrown away its substance, robbed its mines, its forests and its soil, and sold its natural resource in competition with itself, one forest tract with another, one mine with another, and one farm with another, in the severest and bitterest kind of competition everywhere in the world." (John D. Ryan, President, Anaconda Copper Mining Company, to the Federal Trade Commission, June 3, 1915.)

Whenever the export price of American raw materials is forced below the domestic level, the chances are increased for the European manufactured merchandise made from American raw materials to hold neutral markets against similar American merchandise. At best, the exportation of raw materials is less profit-

able to the nation than export of finished manufactures in which labor represents a large proportion of value. The disadvantage is compounded if foreign interests can buy our natural resources more cheaply than Americans and utilize the manufactures therefrom fabricated to block the wider outlet which American industrial enterprises and labor require in the world's markets. *

An Example of German Policy.

When, several years ago, the formation of a private potash selling association became doubtful, the Prussian Minister of Commerce publicly declared that the prospective loss to domestic production might reach \$5,000,000 annually. "In such a case," he said, "I have to consider whether the flowing off of profit towards foreign countries during the time when there is no syndicate, could not be prevented." And he drew up a bill designed to prevent any condition arising in which foreigners would derive a greater benefit from the potash deposits than Germans themselves. Americans were obliged to pay for German potash at a price which safeguarded every related German interest, but meanwhile Germany was getting its cotton, wheat, corn, oil, metals and lumber from us by whatever device it found effective to hammer down American prices. The simple truth is that, under existing conditions, the United States is provisioning and equipping its foreign trade rivals more cheaply than it provisions and equips itself; is, in fact, subsidizing them against the American people.

Co-operation Necessary to Expand Exports.

"One week of European war did more than ten years of academic discussion to convince American people that foreign trade is a vital element in domestic prosperity." (James A. Farrell,

*"It is a daily occurrence to get a cable from our London representative saying that so and so is in the market for 1,000 tons of copper and will give us the business on equal terms with 'A' who is our competitor and whom the buyer represents as offering ten shillings under us. Now 'A's' office is only two blocks from my office but I don't dare call him on the telephone to ask whether that consumer in England or Germany is telling the truth. I might be violating the law. The chances are nine in ten that the foreign consumer is not telling the truth but is simply stating that somebody is quoting ten shillings under for the purpose of trying to bring our man down to the basis of the quotation he wants. But we fight one another and the consequence is that the buyer gets the advantage." (John D. Ryan, Pres. Anaconda Copper Mining Co. before the Federal Trade Commission, New York, June 3, 1915.)

President U. S. Steel Corporation, and Chairman of the National Foreign Trade Council.)

The American industries presenting the most unbroken record of prosperity and sustained labor employment are those which regularly market oversea from ten to thirty-five per cent. of their product.

"It is clearly demonstrable that the average cost of manufactured products in Germany, England, France, Japan, and other countries is greatly below that of America. It is equally demonstrable that the average cost of distribution of their manufactured products by foreign countries is much lower than that of American products due, in a large measure, to perfect freedom to conduct their foreign trade without the hampering restrictions which lie upon American manufacturers and producers.

Reduces Overhead.

"With a reduction in the ratable cost of distribution, that is the overhead, it would be possible to reduce the selling price if that were necessary to meet the foreign competition. In many situations, on the other hand, by lessening the destructive competition, selling prices abroad might be raised. Co-operation which obtained for our products maximum prices from the foreign buyer at a minimum expense to our exporters would be an economic advantage to American industries.

"Since export co-operation would lower the cost of distribution and, by the added output, the cost of production as well, the home consumer in consequence would benefit to the extent that the manufacturers were able to reduce their unit costs." (M. A. Oudin, Manager Foreign Department, General Electric Company, Schenectady, N. Y., Third National Foreign Trade Convention, New Orleans, January, 1916.)

Since the American wage scale is the highest in the world and even the inroads of war upon the artisan class are unlikely to raise the European scale to its level, our foreign trade labors under an initial disadvantage which can be offset only by greater efficiency in manufacture and distribution. The legal doubt which retards formation of co-operative foreign selling organizations is a bar to the achievement of the efficiency attained by European rivals.

"Everyone engaged in foreign trade knows that co-operation, concentration and capital are needed to secure a large volume of

export trade. * * * It takes years of time, volumes of money and much patience to get established and when success comes a strong organization must be maintained and a large volume of business done in order to show a profit on the balance-sheet. The sooner American merchants realize this the better, for the export trade of the United States is well worth having." (W. L. Saunders, Chairman, The Ingersoll-Rand Co., at the Second National Foreign Trade Convention, St. Louis, January, 1915.)

Endorsed By National Referendum.

The principle of "amending the Sherman Act to allow a greater degree of co-operation in the conduct, and for the protection of the foreign trade" was approved in a referendum of the Chamber of Commerce of the United States, 536 organizations voting in favor of it, and only 67 against.

In February, 1915, a special committee of the Chamber of Commerce of the United States endorsing the principle now embodied in the Webb bill declared that the necessity for this legislation existing before the war "will acquire a far greater significance when the nations now at war, whose foreign trade has been curtailed, again enter into competition for foreign markets. The situation created by the unexpected war in Europe gives ground for urging immediate action."

The committee on the Federal Trade Commission of the Merchants' Association of New York declared:

"The Webb bill promises freedom to American export trade, opportunity to smaller American manufacturers, and stimulus to our entire American commercial and industrial life; and the prompt passage of the bill by Congress with the modifications above suggested (technical details), is, therefore, strongly urged."

Specific Advantages of Co-operation.

In exportation of manufactures, whether competing or non-competing, co-operation will permit:

Maintenance of highly organized export service at minimum cost to participants, employment of American advantages in advertising, technical demonstration and "follow-up" methods.

Improved credit information and financing of foreign sales, more advantageous traffic contracts through greater and regular

tonnage, superior facilities for customs brokerage, warehousing, etc.

Assumption, by the co-operative organization, of credit extension which manufacturers, dependent upon a quick turn-over of capital, are unable to provide.

Survival of initial losses, fatal to an individual company, which are sometimes incurred before American goods gain a foothold.

Division of foreign business upon an agreed basis adapted to the mutual interest of all participants from the standpoint of sustained labor employment, and ability to produce at a price to meet foreign competition.

Co-operation Among Competitors.

Co-operation among competitors in a given line will permit retention of the highest talent for foreign representation. This is necessary for engineering products, the sale of which is often related to development projects by governments or large financial interests. The maintenance abroad of representatives with wide technical experience, initiative and commanding personality is beyond the means of any save the largest corporations and is not justified by the volume of business available to a single company dividing the field with others. Co-operating competitors could reduce the overhead and increase the efficiency of export sales by division of orders so that each competitor would fill only those orders he is best fitted to execute in the quickest time at the lowest cost.

American manufacturers in the same line frequently engage in destructive competition for foreign construction contracts. Where elaborate plants must be submitted, the expense spells loss for those who fail and decreases the profit of the successful. Bidders on railway and power projects sometimes spend \$100,000 in preparation of bids. Other advantages are improved distribution of comparatively small articles manufactured by different factories, none of which may be in sufficient demand to warrant the establishment of individual selling agencies and all of which must meet with keen foreign competition in one form or another; also improved handling of articles of constant consumption sold at low prices and at small profit on which service and ability to handle promptly and regularly are of prime necessity. Again, orders too large for a single factory promptly to fill can be effect-

ively handled by a co-operative organization representing a number of competitors.

Co-operation By Non-Competitors.

Joint effort by manufacturers and merchants in kindred but not competing lines would permit the following economic advantage:

Development of "full lines" as, for instance, axes, hatchets, carpenters' tools, and building hardware or (as has been successfully tried) paper, type, printing presses, machinery, ink, stationery, other printing supplies. A first class salesman can be a specialist in all articles of a kindred line. Arriving, for instance, at Bahia, Brazil, he will discover in a day that no demand exists for printing presses, but can employ time, while waiting for the next ship, in selling paper, type, or ink. Experienced foreign traders attach the greatest importance to the handling of full lines: one article sells another, and salesmen are kept constantly employed, and a more direct representation is obtained by abler selling forces than individual companies can afford.

Doubt Hinders Growth of Export Trade.

It is not within the province of this committee to present a legal discussion of the extent to which the anti-trust laws apply to or do not apply to export trade. A condition and not a theory exists. The debates of Congress on the Sherman Anti-trust laws in 1890 reveal no intention by the framers of these statutes to throttle enterprise, and the foreign trade was specifically exempted from certain provisions of the Clayton Act. This committee's inquiries and the evidence submitted at three National Foreign Trade Conventions support the conclusions of the Federal Trade Commission, namely:

"Doubt as to the application of the anti-trust laws to export trade now prevents concerted action by business men in export trade even among producers of non-competing goods."

And the then Chairman of the Federal Trade Commission, Hon. Joseph E. Davies, speaking with the knowledge of the responses to its questionnaire sent to 30,000 corporations, firms and individuals, told five hundred exporters at New Orleans:

"Our investigations disclose that doubt as to the legality of such enterprise amount in many instances to prohibition of

any action in the foreign market. This belief is undoubtedly one of the factors in the situation which hinder the development of foreign trade."

The right of co-operation should be sufficiently unrestricted to permit whatever organization is required, in good faith, to forward export trade.

National interests, no less than the welfare of certain industries and the labor thereupon dependent, require that the right of co-operation equally extend to competing and non-competing lines without regard to extent of operation or capital and that the organization of co-operative effort possess no compulsory features as to participants not characteristic of the formation of the ordinary corporation, except that for filing essential information with Federal Trade Commission.

The Federal Trade Commission has pertinently called attention to apprehension that "co-operative export organizations may be used to exploit the home market and they may be used unfairly against individual American exporters in foreign trade."

This committee agrees with the Federal Trade Commission that the enforcement of the anti-trust laws will be sufficient to prevent co-operative export organizations from reacting in an unreasonable restriction of domestic commerce. This safeguard is necessary and right.

Foreign Consumers Fully Protected.

It has been contended that the United States should not, while forbidding combinations among its own people in domestic trade, encourage them to go abroad and "exploit" foreign markets. This idea rests on two fallacies; first, that the Webb Bill has no safeguard against avaricious or usurious exploitation; and, second, that foreign peoples are without protection against such exploitation. So far as competitors in the export trade from the United States are concerned, the bill expressly gives such competitors the protection of the prohibition of "unfair methods of competition" contained in the Federal Trade Commission Act. And, as far as foreign competitors and consumers are concerned, the world is now almost completely wrapped in a blanket of anti-trust law composed of statutes which the people of various countries have devised for their own protection from oppression by commercial or industrial combinations, foreign and domestic.

Anti-trust legislation is by no means peculiar to the United States. No subject has so universally occupied the attention of governments everywhere. The United States Department of Commerce, through its Bureau of Corporations, has issued an exhaustive report entitled "Trust Laws and Unfair Competition," compiled by the Honorable Joseph E. Davies, former Commissioner of Corporations and now of the Federal Trade Commission. This report says: "The laws in foreign countries concerning trusts, or combinations to control the market, present a great variety of governmental policy, extending from prohibition under the criminal law to compulsory obligation to form such combinations in certain specific cases." Seventy pages of this report is devoted to review of the anti-trust laws, both statutes and judicial proceedings, of Great Britain, Canada, Australia, New Zealand, Union of South Africa, British India, Egypt, Germany, Austria, Hungary, France, Italy, Spain, Portugal, Switzerland, Belgium, Netherlands, Sweden, Norway, Denmark, Russia, Roumania, Turkey, Greece, Brazil, Argentine, Colombia, Mexico, Japan and China. With the countries named is conducted approximately 90% of the total foreign trade of the United States. Americans in foreign trade, no matter where they operate are, therefore, seldom beyond the control of the anti-trust laws expressly designed to meet the conditions of each market.

It is significant that these laws, for the most part, go to the **effect** of combinations or co-operations in business, rather than to their **form**, and that the trust legislation of no country other than the United States shrouds in debilitating doubt the export enterprise of its citizens by restrictions as to form regardless of the public benefit.

In its report on Co-operation in American Export Trade, the Federal Trade Commission says:

"In domestic business, competition, independence, and the play of the individual forces is the settled policy of this country. The law requires that this shall be the condition of business here. Abroad, the legal conditions are different. In many countries combination is permitted and in some is even encouraged. What is equality of opportunity for manufactures within this country, therefore, becomes inequality and disadvantage for them when they undertake to export to other countries."

No Likelihood of Monopoly in Export Trade.

No stranger misapprehension exists than the occasionally expressed fear that the Webb Bill might promote the monopolization of American export trade by large concerns. Under present conditions, with the law unfavorable to co-operation in export trade, certain avenues of export enterprise are closed to all save those which have capital and other resources to patiently develop markets without immediate profits, to sustain, if need be, initial losses, and to effect economies of sale and distribution inseparable from large volume of business.

The pending legislation is designed to permit business units now lacking this foreign selling power to unite their resources in co-operative foreign selling organizations without losing their identities in domestic commerce. The fact that the bill forbids an export associationⁿ itself to engage in the manufacture within the United States of the wares it is organized to market abroad is an organic check to the extension of the co-operation to domestic trade.

The ultimate size of co-operative foreign selling companies will naturally vary in different lines. It is economically demonstrable that in every commercial or industrial activity there is a point beyond which increased capital and organization are not attended by proportionate increases in efficiency. Business experience may be relied upon to hold organizations below this point. The conception of a single company, or even a dozen companies, monopolizing the widely diversified export trade of the United States is wholly fanciful. The marketing of American merchandise, especially manufactures, must largely depend upon specialization. It is European experience that specialization in a large number of lines and markets widely separated, is not within the practical resources of a single organization.

Export Commission Houses Safe.

Some export trading houses and commission merchants have expressed apprehension that the liberty of co-operation provided in this bill would subject them to the competition of powerful combinations and threaten their independent existence. This is due to misunderstanding of section 3 of the bill, providing that the Clayton Act (approved October 15, 1914) shall not be construed to forbid the acquisition or ownership by any corporation

of the whole or any part of the stock or capital of any corporation organized solely for the purpose of engaging in export trade, unless the effect of ownership may be to restrain trade or substantially lessen competition within the United States. The necessity of Section 3 springs from the fact that action by corporations is the most natural method of co-operation in American business, rather than action by individuals. This is necessary to enable a manufacturing company or other industrial organization to own stock in the export association through which he desires to co-operate with others, as the bill encourages them to do. By limiting such exemption from the Clayton Act to corporations organized solely for the export trade, and actually engaged solely therein, there can be no possibility of unified control of export commission house business, for the most of them are corporations with powers much broader than exclusive occupation in export trade and are therefore not within the exemption. The principle of co-operative action in export trade, the better to meet the highly organized competition of foreign rivals and to resist co-operative foreign buying, is favored by many export merchants and commission houses, if the legislation imposes no disadvantage on their class of business, which, in the opinion of this organization, it does not. Probably in no other business is the need of experienced service and specialized knowledge so great, and so long as export merchants and commission houses provide them, their business will continue indispensable to many. The co-operation which this legislation is designed to permit is not intended to eliminate, but to supplement, their service. Indeed there is every reason to believe that it will be as valuable to them as to any other class of business men engaged in foreign trade.

Effect on Domestic Prices.

The influence of export co-operation upon domestic prices has been the subject of some discussion. In Appendix C of this report is given the evidence that one of the largest American industries, controlling about 40% of the total American production in this line, was able to sell during a ten year period abroad on a scale of steadily increasing prices, while at home its prices decreased. This is the closest approach that can now be cited to the effect of co-operative effort.

The Federal Trade Commission has given particular attention to this point, and finds that the effect of increased export

trade upon domestic prices is not likely to be affected one way or the other by the fact that increasing export trade is being done by co-operation or otherwise. The Commission's report on co-operation in American Export trade says, [Pages 376-7]:

"The question may be raised as to the effect of export combinations on prices in this country. Prices to the domestic consumers are always likely to be affected where changes occur in the volume of export trade, whether such changes are due to the efforts of an export combination or to other causes. For some products, particularly among manufactured articles, there may be some lowering of the domestic price. With the broader market, larger-scale manufacture will be possible. The resulting economies may lower the cost of production per unit, and with competition in the domestic market the natural tendency under such conditions of lower cost would be lower prices to the domestic consumer.

"On the other hand, prices to the domestic consumer may, in some instances, be raised through an increase of exports brought about by encouraging producers to seek a broader market for American products. The rise may be either temporary or permanent, according to the particular circumstance under which the commodity is produced; but in either instance it will be the result simply of increased exports. The domestic price for certain manufactured goods might be temporarily raised, but be followed by an increase of productive capacity, which would augment the supply and bring down the price. Should, however, the commodity be a raw material of the kind that increases in cost per unit as the quantity is increased, or a manufactured article in which such raw materials are the principal factors of cost, then there is likely to be not only temporary but also a permanent rise in both the domestic and export prices. This would happen regardless of whether the increased exports were due to export combinations or to other causes.

"When competitive forces are given free play price adjustments of this character have been the rule in the past and will continue to be in the future. They are a consequence of the broadening of a local market for a commodity into a national and eventually into a world market. An increase in facilities for developing the export trade will merely accelerate the period of transition in the same general manner as would result from an increase in facilities of transportation in any region of supply by

furnishing a link between demand and supply, and thereby giving the supply an increased value.

"The foregoing discussion relates solely to commodities in which the prices are fixed by competition. Any increase in the domestic price due to actions in restraint of trade to which American firms might be parties, including any accomplished through participation in so-called international agreements between themselves and foreign firms, can and must be dealt with, as already stated, under the provisions of the anti-trust laws."

The Webb Bill as introduced in the 65th Congress with the objectionable amendments of its earlier form in the 64th Congress eliminated follows:

65TH CONGRESS,
1ST SESSION. H. R. 2316.

IN THE HOUSE OF REPRESENTATIVES.

APRIL 9, 1917.

Mr. WEBB introduced the following bill; which was referred to the Committee on the Judiciary and ordered to be printed.

A BILL

PAGE I.

To promote export trade, and for other purposes.

1 *Be it enacted by the Senate and House of Representatives of the*
2 *United States of America in Congress assembled,* That the words "export
3 trade" wherever used in this Act mean solely trade or commerce in goods,
4 wares, or merchandise exported, or in the course of being exported from
5 the United States or any Territory thereof to any foreign nation; but
6 the words "export trade" shall not be deemed to include the production,
7 manufacture, or selling for consumption within the United States or any
8 Territory thereof of such goods, wares, or merchandise, or any act in
9 the course of such production or manufacture.

10 That the words "trade within the United States" wherever used in
11 this Act mean trade or commerce among the several States or in any Ter-
12 ritory of the United States, or of the District of Columbia, or between
13 any such Territory and another, or between any such Territory or Terri-

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1 tories and any State or States or the District of Columbia, or between the
2 District of Columbia and any State or States.

3 That the word "association" wherever used in this Act means any
4 corporation or combination, by contract or otherwise, of two or more
5 persons, partnerships, or corporations.

6 SEC. 2. That nothing contained in the Act entitled "An Act to protect
7 trade and commerce against unlawful restraints and monopolies," ap-

8 proved July second, eighteen hundred and ninety, shall be construed as
9 declaring to be illegal an association entered into for the sole purpose
10 of engaging in export trade and actually engaged solely in such export
11 trade, or an agreement made or act done in the course of export trade
12 by such association, provided such association, agreement, or act is not in
13 restraint of trade within the United States, and is not in restraint of the
14 export trade of any domestic competitor of such association: *And*
15 *provided further*, That such association does not, either in the United
16 States or elsewhere, enter into any agreement, understanding, or con-
17 spiracy, or do any act which artificially or intentionally and unduly en-
18 hances prices within the United States of commodities of the class
19 exported by such association.

20 SEC. 3. That nothing contained in section seven of the Act entitled
21 "An Act to supplement existing laws against unlawful restraints and
22 monopolies, and for other purposes," approved October fifteenth, nine-
23 teen hundred and fourteen, shall be construed to forbid the acquisition or
24 ownership by any corporation of the whole or any part of the stock or
25 other capital of any corporation organized solely for the purpose of

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1 engaging in export trade, and actually engaged solely in such export trade,
2 unless the effect of such acquisition or ownership may be to restrain
3 trade or substantially lessen competition within the United States.

4 SEC. 4. That the prohibition against "unfair methods of competition"
5 and the remedies provided for enforcing said prohibition contained in the
6 Act entitled "An Act to create a Federal Trade Commission, to define its
7 powers and duties, and for other purposes," approved September twenty-
8 sixth, nineteen hundred and fourteen, shall be construed as extending to
9 unfair methods of competition used in export trade against competitors
10 engaged in export trade, even though the acts constituting such unfair
11 methods are done without the territorial jurisdiction of the United
12 States.

13 SEC. 5. That every association now engaged solely in export trade,
14 within sixty days after the passage of this Act, and every association
15 entered into hereafter which engages solely in export trade, within thirty
16 days after its creation, shall file with the Federal Trade Commission a
17 verified written statement setting forth the location of its offices or places
18 of business and the names and addresses of all its officers and of all its
19 stockholders or members, and if a corporation, a copy of its certificate or
20 articles of incorporation and by-laws, and if unincorporated, a copy of
21 its articles of contract or association, and on the first day of January
22 of each year thereafter it shall make a like statement of the location
23 of its offices or places of business and the names and addresses of all its
24 officers and of all its stockholders or members and of all amendments
25 to and changes in its articles or certificates of incorporation or in its

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1 articles or contracts of association. It shall also furnish to the commis-
2 sion such information as the commission may require as to the organi-
3 zation, business, conduct, practices, management, and relation of other
4 associations, corporations, partnerships, and individuals. Any associa-
5 tion which shall fail so to do shall not have the benefit of the provisions
6 of section two and section three of this Act, and it shall also forfeit to
7 the United States the sum of \$100 for each and every day of the con-
8 tinuance of such failure, which forfeiture shall be payable into the
9 Treasury of the United States, and shall be recoverable in a civil suit in
10 the name of the United States brought in the district where the associa-
11 tion has its principal office, or in any district in which it shall do busi-
12 ness. It shall be the duty of the various district attorneys, under the
13 direction of the Attorney General of the United States, to prosecute for

14 the recovery of the forfeiture. The costs and expenses of such prosecu-
15 tion shall be paid out of the appropriation for the expenses of the courts
16 of the United States.

17 Whenever the Federal Trade Commission shall have reason to be-
18 lieve that an association or any agreement made or act done by such
19 association is in restraint of trade within the United States or in re-
20 straint of the export trade of any domestic competitor of such associa-
21 tion, or that an association either in the United States or elsewhere has
22 entered into any agreement, understanding, or conspiracy, or done any
23 act which artificially or intentionally and unduly enhances prices within
24 the United States of commodities of the class exported by such asso-
25 ciation, it shall summon such association, its officers, and agents to appear

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1 before it, and thereafter conduct an investigation into the alleged viola-
2 tions of law. Upon investigation, if it shall conclude that the law has
3 been violated, it may make to such association recommendations for the
4 readjustment of its business, in order that it may thereafter maintain
5 its organization and management and conduct its business in accordance
6 with law. If such association fail to comply with the recommendations of
7 the Federal Trade Commission, said commission shall refer its findings
8 and recommendations to the Attorney General of the United States for
9 such action thereon as he may deem proper.

10 For the purpose of enforcing these provisions the Federal Trade
11 Commission shall have all the powers, so far as applicable, given it in
12 "An Act to create a Federal Trade Commission, to define its powers and
13 duties, and for other purposes."

In concluding its advocacy of the policy and legislation necessary to avail exporters of the advantages of co-operation, the Council desires to call attention to the words of one of its first members, the late James J. Hill:—

"In the vast pool of the world's activity, where the material, the worker, the method, fly from one end of the earth to the other at call, only a purblind nation can dream of basing its future on anything less commanding than equality or superiority in the elements of production; including of course, the wages of labor and the remuneration of capital."

PRESIDENT JOHNSON: We will continue the discussion of the Webb Bill in its relation to co-operation in the exports of lumber.

J. J. DONOVAN, V. P., Bloedel-Donovan Lumber Mills, Bellingham, Wash.; member of National Foreign Trade Council: Mr. President, the Pacific Coast sent a trainload of business men to this Convention, not with the idea of giving you anything new, but to show that on that coast we support your efforts, whether they be the altruistic ones of Boston, seeking to win the hearts and hands of our customers, or the more sordid ones explained by Mr. Straight, Mr. Pierson and Mr. McIntosh, in their desire to get the trade and pocketbooks of the foreign people.

We have had some experiences in the Northwest which have compelled us to go a little more rapidly than we had anticipated with one organization which I was requested to explain very briefly to you gentlemen. We want the Webb Bill to become a law. The reasons therefor have been set forth very clearly in the Report of the Committee referred to by Mr. Patchin, who preceded me a few moments ago; but meanwhile the lumber business of the Northwest has diminished 50 per cent during the last two years, while the general foreign export business of the country has doubled. That comes of a condition of affairs which led some of our people to say that we might just as well go to jail for combination as to the poorhouse for lack of it; and therefore we are listening to the words of gentlemen high in authority bewailing the lack of courage of American business men, while we were also compelled to note the activity of certain departments of the Government which was causing us to see certain gentlemen, whom we had looked upon as respected members of industry, suddenly being treated as if they were malefactors of great wealth.

Therefore, the organization I represent concluded that when the Federal Trade Commission of this country expressed themselves as believing that such methods of co-operation do not restrain trade within the United States, and that lack of such methods are keeping American manufacturers from securing their due share of the trade, something should be done. Therefore, Mr. President, omitting a considerable portion of my paper, I will try in five minutes to finish my part of this discussion.

THE NECESSITY FOR CO-OPERATION IN THE LUMBER EXPORT TRADE

BY

MR. J. J. DONOVAN,

Vice-President, Bloedel-Donovan Lumber Mills, Bellingham, Wash.

The anti-trust laws of the United States are the expression of the people's suspicion and fear of business combination. It is not that they object to reasonable returns on capital invested or a fair profit. Most of them realize that capital will not permanently invest in any line of business where fair treatment is denied.

Demagogic politicians, sensational writers and so-called popular magazines have misled large sections of the public on vital prin-

ciples underlying permanent prosperity to the serious injury of the whole people. Prompt realization of mistakes and correction is most urgent. There is a feverish prosperity, due to abnormal war conditions, in portions of our country while other portions languish.

Three departments of the government are doing much to clarify the lumber business situation. They are the Forest Service, the Federal Trade Commission and the Bureau of Foreign and Domestic Commerce. In their respective spheres they are ascertaining facts and stating conclusions with a clearness and authority which is of utmost value. The popular conception of the western lumbermen is that they obtained large timber areas at low cost and are clearing enormous profits therefrom.

The government investigations show that in Washington and Oregon the average labor and material cost is \$11.00 per thousand feet at the mill and with proper allowances for interest and stumpage a selling price of \$14.00 means a profit of only one dollar. The present price at the mill for export is \$12.00 and that is \$2.00 better than six months ago. No wonder that nearly one-third of the saw and shingle mills of the Northwest have gone out of business in the past five years.

Reasons for this state of affairs were given in detail at the Western Forestry and Conservation Congress in Portland, Ore., last October by Mr. Greeley of the Forest Service. High taxes, interest, decreased consumption, fierce competition and little cooperation are largely to blame. At the same gathering, Mr. J. H. Bloedel, president of the West Coast Lumbermen's Association, called attention to the decrease in use of from over 5,000 ft. B. M. per capita to 375 ft. and from a maximum output of 44 billion feet per annum ten years ago to 38 billions now. The scare over disappearing forests is past. The Forest Service has revised its figures.

In 1880 we were supposed to have 856 billion feet in the forests of the United States. In 1900 the figures were 1,390 billion. In 1905 we are told 1,970 billion and in 1912 it is announced that we have 3,000 billion feet. With ample supply, a diminishing home market and great milling capacity, it is imperative that a market abroad be sought. About 8% of our lumber is shipped to foreign parts, but handled largely through brokers and with little direct contact or understanding between producer and consumer. The result has been confusion in grades, demoralization in prices, lack of profit to the manufacturer and often dissatisfaction by the user.

In the Northwest two organizations seek to remedy this con-

dition. The Redwood Export Co. of California, founded in 1912 and organized as a selling agency, controls about 80% of the export business in redwood. It receives $1\frac{1}{4}$ per cent commission and has no domestic business. The Douglas Fir Exploitation & Export Co., organized for a similar purpose in 1913, deferred beginning operations until a few months ago because of the uncertainty about the anti-trust laws. The best counsel obtainable holds that the organization is within the law. About 90% of the Douglas Fir mills are stockholders and all their export sales are made through this agency. The result here has been an immediate stiffening and stabilizing of prices which is having an excellent effect. Price at the mill today is \$12.00, which is still \$2.00 below a fair price. Cargoes were sold 6 months ago for \$9.00 per M., which meant a heavy loss to the producer. Two and one-half per cent is allowed for selling and this is the only income of the Export Co. It may pay dividends up to 7% per annum, but any surplus is to be devoted to extending foreign commerce in Pacific Coast Forest products.

The vital facts are set forth in Article II of the Articles of Incorporation which is: "To promote, manage and carry on a continuous, systematic and comprehensive plan for the development and increase of the foreign trade in, and the use and consumption of Douglas Fir and other Pacific Coast forest products by the establishment and maintenance in foreign countries of selling agencies, the installation and maintenance of lumber exhibits, the distribution of circulars and other printed matter, advertising, lectures, demonstrations and other methods of familiarizing the dealers in and consumers of lumber and lumber products in foreign countries with the advantages of the use of the Pacific Coast lumber products."

"To carry on a general lumber export business by the purchase and sale, either outright or on commission, of any and all kinds of sawn, hewn, rough, dressed and manufactured lumber, timber, lathes, pickets, staves, moldings, shingles, sash, doors and any and all other kinds of manufactured lumber, and of timber of all kinds, shapes, sizes, lengths, variety and quality, and of the manufactured products thereof, and of the by-products thereof, in any and all countries outside of the United States of America and dependencies now using or consuming any of such lumber, timber or by-products, or into which the same may be introduced by this corporation."

Other powers are given of minor importance. Article III is: "The capital stock of this corporation shall be Two Hundred Thousand Dollars (\$200,000), divided into two thousand (2,000) shares,

of the par value of One Hundred Dollars (\$100.00) each. The primary object and purpose of this corporation being to exploit and increase the foreign export business in Douglas Fir and other Pacific Coast forest products, it is provided that no person other than one actually engaged in the manufacture of lumber on the Pacific Coast shall be eligible to subscribe for or become, at any time, a stockholder in this corporation, and the by-laws of this corporation may provide that all of the stock owned by the stockholders herein, other than one share each to be held by the trustee of this corporation, may be held in trust by a trustee whose power to sell and dispose of such capital stock so held in trust shall be limited to sales thereof to legitimate manufacturers of lumber on the Pacific Coast only, and such sales shall be further restricted so that no one manufacturer, individually, or through affiliated interests, shall ever become a majority owner, or holder, or be able to exercise a dominating control of the capital stock of this corporation."

Seattle is the principal place of business, but important branches are maintained at Portland, Oregon, and at San Francisco, Cal. A similar organization has recently been perfected by our most formidable competitors in British Columbia.

The necessity for coöperation among exporters is made clear by this extract from the recent admirable report of the Federal Trade Commission on Lumber Export Trade. "European lumber manufacturers can secure, to a considerable degree, stability of prices for their products. The sawmill men of Norway, Sweden and Russia establish, once a year, a base price for their lumber. Preparations at that time have already been made for the output for the year. The newly cut stock is allowed to dry for the following year. The marketable stocks on hand, even to the quantity of each grade, are known and their size determines the amount of business to be done. The base price fixed upon is not deviated from during the entire year. The purchaser, knowing that, is absolutely safe in placing in January his orders for June delivery, inasmuch as his competitors handling that product have to pay the same price. He can expect no such stability in prices in the American lumber which enters Europe in competition with the Baltic lumber. It has come to the markets from much greater distances and orders to the manufacturers must be placed at prices prevailing months in advance of the time of arrival of the lumber. An unavoidable delay by the manufacturer in getting a prompt charter, because of the difficulties encountered by American shippers dependent on foreign carriers,

has often resulted in shipments of later orders, taken at substantially lower prices, arriving at their destination simultaneously with the earlier high priced orders. Furthermore, the practice of many American manufacturers of shipping cargoes on consignment to various European markets and being obliged to sell them in transit before their arrival leads to wide fluctuations in the price of American lumber at points of destination."

"A coöperative association of the largest manufacturers of spruce, hemlock and soft woods in Austria-Hungary, Roumania, Bosnia and neighboring states existed for a number of years prior to the war. This combination, known as the Accordat, had headquarters in Vienna. The quantity of lumber manufactured and sold through it was about 4,000,000,000 feet a year. The mills were located within reasonable distances of the Danube, which was used for transportation purposes by means of a line of twenty steamers owned directly by the combination, besides a number of other vessels owned by members individually. It did business in Mediterranean ports as well as in England, Germany and France, meeting competition where necessary and holding prices higher in noncompetitive markets. In delivering at Liverpool or Hamburg it had to meet competition from Sweden, Norway, Russia, Siberia, the United States and Canada." This latter Danube company therefore handled prior to the war as much lumber as the entire foreign export lumber business of the United States.

At the Portland Congress Mr. H. R. MacMillan, former Trade Commissioner of British Columbia, just home from a trip around the world, gave a score of illustrations of our ignorance and shortsightedness in foreign markets. Permit me to quote one statement: "The second thing is the question of getting more money for the timber we do export. With every exporter I met, the very first inquiry he made was as to the mental condition of the people who made and produced and sold this lumber. They cannot understand it. In fact they don't believe yet that it is true. The first thing is entirely price. We sell lumber here at \$8 to \$10 base. The freight in normal times is \$10 to Australia. The duty is from \$2 to \$7 per thousand. The landed cost C.I.F. and D. is in the neighborhood of \$30. In normal times they retail that lumber throughout Australia for \$56 per thousand. An extra \$2 or \$4 to us would make absolutely no difference to the consumers in Australia; they would never hear about it. The only alterations they ever make in their price lists in Australia is \$6 a thousand, 60 cents a hundred; so they prob-

ably would not bother with a little increase of \$2 in the F.A.S. price." He went on to show the enormous difference between coast prices on long timbers, produced nowhere else in the world, and the prices to the Australian consumer. Correction of these conditions, where the middleman takes all the profit, is only possible by the combination of the exporters.

Our Douglas Fir Co. is, we believe, entirely legal. There should be no doubt as to this and a similar organization should handle the lumber of the South. Congress should unequivocally give American exporters the same rights of combination which they must meet in their Canadian and European competitors.

Our lumber exports for the year ending June 30th, 1914, were valued at over 70 millions of dollars. For the past year the value is less than half that amount. With our own mills crippled by lack of ships and cars and selling without profit, imports of lumber and shingles from Canada for the first 9 months of 1916 had a value of \$19,494,000 as against \$14,704,000 two years ago. This means a decrease in our exports of 50% and an increase in the imports of 33%. Is it any wonder that the weaker mills have gone to the wall?

Intelligent, constructive legislation, covering all lines of business is urgent if we are to meet the highly centralized competition of Europe certain to follow the ending of the war. Europe today can give us lessons in efficiency of men, machinery, transportation and salesmanship. Unless we learn the lessons and act promptly our vaunted prosperity will end as quickly as it came and we shall look back to September, 1916, as the high water mark of foreign trade balance.

It should be possible for American capital, labor and Congress to realize the situation and meet it. Harmonious, prompt cooperation is essential to prosperity. Delay means disaster. We must formulate a program, then follow it consistently. The world's trade is going to the nations of broad vision. The list is short. Are we in it?

PRESIDENT JOHNSON: The continuation of the discussion of the Webb Bill as it applies to the lumber industry contemplated an address by Mr. R. H. Downman, of the National Lumber Exporters' Association and the Southern Pine Association, of New Orleans, La. Mr. Downman has been prevented from being here by illness, and sent us his paper.

MR. R. H. DOWNMAN, President, National Lumber Manufac-

turers' Association, and Southern Pine Association, New Orleans, La.:

Aside from all considerations touching our personal opinions concerning the causes that precipitated the conflict now being waged in Europe, with its amazing and terrible waste of life and property, we, as citizens of this Republic, are forced to recognize certain well defined, although unpleasant, truths. In our domestic affairs, both as to trade and government, we are inefficient and wasteful. As to our foreign commerce, unorganized and blundering. At home and abroad we have lacked the national ideal that persists.

Whatever be our thought of her national aims and ambitions, this is sure, Germany has taught the world a great lesson, touching the possibility of solidarity in national effort.

In this her hour of supreme test, every phase of her national life functions in perfect harmony and all with but one purpose. This is not due to chance or impelled by patriotic fervor—but rather, the result of the patient effort of an intelligent people in diligently applying themselves to the industrial problems of the empire and mastering them. Back of the German solidarity, and without which the military arm of the government would of necessity fail, stands the industrial and economic efficiency of the German people.

By some it is urged that this efficiency is grounded in a sinister purpose.

All discussion aside, however, the fact remains that national efficiency has been made manifest and the people who aspire to a place in the sunlight of the world business must in the future measure up to that high standard, or fail.

Through bitter suffering the allied powers long since have recognized their lack of economic co-ordination. There has been a great awakening. Co-operating with their Governments, the people of England, France, Italy and Russia are to-day studying their industrial problems with passionate intensity. After the guns have ceased their deadly clamor and the people of Europe turn their attention to capturing trade rather than forts, we may rest assured that in the world's marts our merchants will meet a competitive condition that for organization, skill and efficiency has had no equal in history.

Are we prepared to meet these new world conditions? As the matters now stand the answer is No. Our lack is two-fold.

First, our national trait is individualistic. There is an absence of the co-operative spirit that makes for a constructive program,—

and this in our industrial, commercial and governmental affairs. In business and politics we are still in the pioneer stage. True it is we have prospered, but this is the result of a ready wit and an abounding natural wealth, rather than to our skill or a well-thought out plan of consistent effort.

Our wealth, as a people, is now, in a sense, measured. The oil and coal, forest area and mineral deposits, broadly speaking, have been pre-empted and are now under the control of business enterprise. Will we continue to waste and squander them as now and in the past, due to our raw conception of competitive strife, or will our spirit be touched by the same influences that are at work in Europe and through constructive co-operation conserve our resources and concentrate our energy, and thereby evolve a national ideal to be reckoned with wherever a citizen of the republic may be pleased to go on the earth's broad surface?

A better understanding among business men of the need of co-operation is being made manifest on every hand. Different industrial and business groups are seriously applying themselves to a study of present day problems, both in manufacture and distribution, affecting our domestic and foreign commerce. We are commencing to realize that the "Go it alone" policy is not in harmony with our present day environment. Steam, electricity, and the modern industrial tool have eliminated frontier conditions and made intimate our commercial contact. More and more are we coming to feel that the fruitage of inventive thought is ours to take and enjoy if we will but help each other rather than seek to destroy. * * *

In 1890 our anti-trust statute, commonly known as the Sherman Law, was enacted. We, of course, are familiar with the thought back of the law. Serious apprehension was entertained by a great majority of our people that the nation's economic and industrial life was being menaced by monopolistic tendencies on the part of certain groups of capitalists. It is not the province of this paper to discuss the economic soundness of that fear, nor the basic wisdom of the act itself. Suffice it to say that the attention of Congress, as well as the nation, was centered on our domestic and not on our foreign commerce. If you will take the trouble to review the debates as disclosed by the Congressional Record you will not find the subject of foreign trade touched on, much less discussed. As stated, there was but one thought, to wit: the preservation of our domestic trade from monopolistic control. The purpose of the act is precisely stated by Chief Justice White in the Standard Oil case, and although

I am not a lawyer, nor the son of one, I take the liberty of making brief reference to his words:

"The debates in Congress conclusively show that the main cause which led to this legislation was the thought that it was required by the economic condition of the times, that is, the vast accumulation of wealth in the hands of corporations and individuals, the enormous development of corporate organizations, the facility for combinations which such organizations afforded, the fact that the facility was being used, and that combinations known as trusts were being multiplied, and the widespread impression that their power had been and would be used to oppress individuals and injure the public generally."

As the result, however, of an unhappy blunder, language was used in drafting the law that seemed to involve foreign as well as domestic trade. It is true many eminent doctors of the law, as well as judges on the bench, have solemnly declared that the law does not apply to foreign commerce. However, an equal number of these distinguished gentlemen have insisted that the law does so apply. While these wise physicians to our business ills have disputed and written long briefs and collected big fees, the business interests of the country have been perplexed and crippled—for indeed, doubt as to a law's meaning is equivalent to prohibition. Due to the element of doubt touching the law's meaning, the exploitation of foreign trade has been confined to the industrial unit rather than the co-operative group. This is possible to organizations such as the United States Steel or Standard Oil, but utterly impossible to hundreds of less powerful concerns. And this, especially in view of the fact that our foreign competitors are not only grouped in close formation, but indeed have the active aid of their home governments in pushing trade in the world's markets.

Due to abnormal conditions, certain of our industries are now enjoying a very large foreign trade. Can we hold these markets when Europe again resumes its normal status? The law as it stands will be a barrier. The Webb Bill is designed to remove the obstacle. That the bill is of vital necessity is known to all who have given the subject any thought. Its failure to pass would not only be a national calamity, but indeed make manifest that those who make our laws have utterly failed in grasp and understanding. Personally, I have faith in the patriotism and good sense of Congress.

That we may have a more intimate understanding of the mat-

ter, permit me to quote that section of the Sherman Law wherein the point at issue is put in doubt:

"Section 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations, is hereby declared to be illegal."

The words "with foreign nations" give color to the thought that the law was designed to prohibit combinations for the development of foreign trade, although the balance of the act, as well as the Congressional debates, make clear the point that domestic trade was the sole subject under consideration.

The Webb Bill seeks to lift foreign trade from the Sherman Law and specifically authorizes combinations, the purpose of which is to foster trade in foreign markets.

To illustrate the thought of the bill, I quote a portion of Section 2:

"That nothing contained in the act entitled

"An act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety, shall be construed as declaring to be illegal an association entered into for the sole purpose of engaging in export trade and actually engaged solely in such trade."

The bill itself is simple, direct and non-technical. It was prepared under the directions of Chairman Hurley and Mr. Rublee of the Federal Trade Commission and this after a broad and comprehensive study of trade conditions at home and abroad. It is gratifying to state that the bill has the hearty approval of President Wilson and every department of government that comes in contact with any phase of foreign commerce. * * *

In Europe the successful business man is applauded and given distinguished recognition. With us business success is a badge of suspicion, an evidence of dark schemes. If we are to take our place among the great nations of the earth and assume some leadership touching the problems of life, we must get away from these puerile makeshifts of the aspiring demagogue and truly classify effort. * * *

It needs no argument to demonstrate that the small business unit will be the principal beneficiary of the Webb Bill. This thought is well stated in a recent circular issued by the Chamber of Commerce of the United States. In part it is as follows:

"Co-operation in export trade affords special advantages to small concerns which have not great experience abroad. Many of these concerns are now unwittingly doing harm to American commerce abroad. Lacking experience and individually unable to support a special staff for selling abroad, they have so conducted their relations with several parts of Latin America, for example, as to call forth organized protests. If such concerns could enter into associations among themselves and collectively support a common agency that would make the contracts, arrange the credits, see to compliance with sample, superintend the shipping, etc., justifiable complaints on the part of foreign customers would be automatically obviated. Otherwise, there may be national detriment in trade relations.

"It is alleged the bill will encourage monopolies. On the contrary, in practical operation it will make competition possible where it has frequently been negligible. In 1915 the federal district court of New Jersey found as a fact that 90 per cent of the exports of steel were handled by one corporation in 1911 (223 Fed. 55, 97). Several years before, the Bureau of Corporations reported that one company controlled upwards of 80 per cent of the exports of petroleum products. Within the six months the agents of a group of houses have asserted that they handle at least 50 per cent of exports sent from the United States to Argentina.

"Without co-operation concentration of export business is inevitable, because of the capital and experience requisite for success. Heavy investments are required of each concern that separately enters export trade. Recently there have been reports which there has been no opportunity to confirm but which illustrate conditions, that a large maker and distributor of medicinal remedies had found a special investment of \$2,000,000 would be necessary if it entered Latin American markets."

As you are advised, I am interested in lumber manufacture. However, I export no lumber, nor is it my purpose to engage in that trade. I am firmly convinced, however, that domestic commerce in lumber products will be greatly aided if our export trade can be properly organized. Aside from any selfish consideration I deem it my duty to do my small part in forwarding a movement that makes for greater power and glory in our national life.

THE NECESSITY OF CO-OPERATION IN THE EXPORT OF TEXTILES

BY

E. F. GREEN

The Pacific Mills, Boston, Mass.

While I have been called on to speak on the "Necessity of Co-operation in the Export of Textiles" I should like to take this opportunity of calling attention to some of the problems which are likely to confront us when the war is over, and to certain influences which are at work which are likely to materially affect our efficiency when it comes to competing in the world's markets.

It is self-evident that in order to build up a successful export business we must first be able to produce and market the goods as cheaply as our foreign competitors. This question of the cost of production in American industries is a serious one. I do not for a moment wish to complain of the high wages now being received by the great majority of the industrial workers throughout this country. If a full day's work is done the laborer is entitled to a full day's wage, and at as high a rate as the industry can afford, but I wish at the outset to protest against the tendency to reduce the length of the working day beyond a reasonable point.

One of the leading daily newspapers recently pointed out the fact, editorially, that a few people in this country are able to work 8 hours a day because the vast majority work 12 to 14 hours, referring chiefly to those who work on the farms. There is a proper limit which should be fixed for the length of the working day for all laborers, but just as sure as we keep on shortening the day, just so sure will we fail to successfully compete for the world's trade.

This particular problem confronts us in the textile industry. Owing to laws already on the statute books in many of the states it is possible to work only one shift. The working week for most of the New England States is now 54 hours. An effort is being made to reduce this in Massachusetts to 48 hours this winter. The textile manufacturers, while not opposing necessarily the shorter week, most strenuously insist that this is the wrong time in which to still further increase the cost of manufacturing. The hours of labor abroad in the textile mills are 55 hours per week or longer and we all can readily imagine what a tremendous impulse to industrial efficiency this European struggle has been even in the

textile business. Therefore, we textile manufacturers appeal to the public to co-operate with us in our attempt to keep the American textile industry on an efficient basis.

The legislation affecting the length of the working day is typical of much other legislation that has been passed in recent years, very definitely restricting and limiting the efficiency of our establishments and bringing about in many instances uncertain benefits. Moreover, to compete successfully for the world's textile trade we must depend on the co-operation of others who furnish our raw material and supplies. Cotton is already raised in this country in abundance, but we are obliged to import more than half of the wool consumed. The progress made in the development of the dyestuff industry is gratifying and is being freely encouraged by the domestic manufacturer, but every effort must be made to put this industry on a permanent and efficient basis. While we do not object to the coal operator's securing a large profit in these times, our industry is to be seriously handicapped next year by the excessively high prices paid for coal.

The textile industry is very desirous of building up an export business and is glad to join with the other industries in bringing about ways and means of accomplishing this. There is no question that there must be co-operation along the very lines suggested, but after all, to my mind the fundamental thing is to have the conditions at home such that cotton and woolen goods can be produced at a reasonable cost. Our wages are far higher than those of our foreign competitors, and the increases granted since the war started far exceed those given to the European textile operatives. I hope that our wages will continue relatively higher, but to offset this we must allow the American manufacturer to develop his business without the further handicap of restrictive and unreasonable laws which bring no real benefit, for after all the real welfare of the community depends on the commercial and industrial prosperity of the country.

GROUP SESSION NUMBER ONE

Thursday, January 25, 1917, 4:30 P. M.

"FOREIGN CREDITS"

(In co-operation with the National Association of Credit Men)
Committee in Charge:

Chairman, Mr. C. E. Thomas, Credit Manager, United States Steel Products Co., New York.

Secretary, Mr. J. H. Tregoe, Secretary-Treasurer, National Association of Credit Men, New York.

Honorary Chairman, Mr. A. H. Boette, Filsinger-Boette Co., St. Louis, Mo.

Vice-Chairman, Mr. E. L. Shippee, Chicago-Kenosha Hosiery Co., Kenosha, Wis.

Vice-Chairman, Mr. H. G. Angevine, Hyatt Roller Bearing Co., Newark, N. J.

Mr. W. K. Hardt, Fourth Street National Bank, Philadelphia, Pa.

CHAIRMAN THOMAS: This meeting has been called in order to afford an opportunity to those gathered at this great Foreign Trade Convention to discuss informally one of the most vital problems affecting the growth of our foreign commerce. We all recognize that a large business cannot be done in any country or between any two countries except on a credit basis. Credit cannot be justified unless confidence is established. Our problem is how to establish this confidence between buyer and seller. Confidence is gained through knowledge. Our European competitors gained their knowledge in a very sensible way; they went to the country in which they proposed to find a market; they lived there and established their business, frequently attaining citizenship. They brought out from Europe young men who grew up in the business and eventually took it over for themselves, while the founders went back home to become the financial backers of the foreign

enterprise, and retained the control of the purchasing in Europe. Through the intimate knowledge thus gained, it was a simple matter for the European merchant to extend the long credits we hear so much about. However, we have a very different proposition in America. This country has been so busy with its own development that there has been no inducement for its population to seek business opportunities elsewhere, and therefore we have no returning merchants to undertake this for us. Here in America the manufacturer is asked to grant credit directly to the foreign buyer, but the manufacturer, neither here nor abroad, has, as a rule, the free capital to invest in foreign accounts on long credit terms. He is not in a position comparable with the merchant previously mentioned, who has made his pile abroad and gone back home to live easily on the returns from investing it in just such accounts. The European credit grantor usually knows his risk personally; but in some cases branch houses are established abroad, in charge of representatives having a pecuniary interest in the results of the trading, and such representatives can usually be trusted to accept no credit risks which are unsafe. The American is in a very different position, being, as a rule, an absolute stranger to the buyer, as the buyer is a stranger to him. Each country has its own peculiar customs, and this is another impediment to be overcome. Here again confidence can only be attained through a close study of these customs, or, better still, by an intimate acquaintance with the individual. These conditions readily lead to the conclusion that the safest way to attain the knowledge which begets the confidence necessary for intelligent credit granting is for the seller to either go himself, or, if that is impossible, send a representative upon whose discretion he can rely implicitly, to the foreign market he wishes to enter. If the seller himself goes, he should be prepared to follow his visit by the establishment of an office in the principal city of the country, should the market appear a desirable one for his line, and to place in charge of it a man of sound business judgment, making up his own mind that he will rely on whatever recommendations his representative may make, subject only to a supervising review by the home office. To my mind, this would be the ideal system for foreign credit granting, but how many of our manufacturers are in position to undertake the preliminary expense of such a system? I venture to say that there are but few of those who are looking to the foreign field who are prepared to go about it in that way, at least until the Webb Bill is enacted in a satisfactory

form. They must, therefore, obtain the best possible knowledge and resulting degree of confidence in other ways, and it is the object of this group conference to discuss the facilities now available, and the possibilities for further extending them, and the provision of additional channels for obtaining the necessary information. We believe a system can be built up whereby our sellers can obtain reliable information on all subjects necessary to the purpose of allowing such credit courtesies to their foreign buyers as the trade demands. We have the sound foundation for such a system in our commercial agencies, and by the recent modification of our banking laws, and the consequent establishment of branches of American banks abroad, a considerable progress has been made on the superstructure. The National Association of Credit Men has given this subject very careful consideration, and in order to aid discussion and to avoid getting too far away from our text, it has arranged a program, grouping our talks under three general heads, as follows:

1. The need of a system for the direct granting of Foreign Credit?
2. What is necessary to the building up of such a system?
3. What must exporters do for the encouragement and the supplying of the necessities of such a system?

We shall try to follow this order closely, but we want to give every opportunity for a free discussion of the various topics.

Before proceeding with the program as arranged, we are to have the advantage of listening to an address by the Assistant Secretary General of the International High Commission, Mr. C. E. McGuire, of Washington. Mr. McGuire will tell us of an inquiry made by the Commission into credit conditions of Latin America. This Commission has to do primarily with commercial law, and with the bringing about of greater uniformity in the commercial laws of the American republics.

I take pleasure in introducing to you Mr. C. E. McGuire.

AN INQUIRY INTO CREDIT CONDITIONS IN LATIN AMERICA

BY

DR. CONSTANTINE E. MCGUIRE,

Assistant Secretary General, International High Commission, Washington,
D. C.

Preliminary to entrance into South American trade, great or small, one naturally makes an inquiry into existing credit conditions in the Latin-American Republics. With a view to supplementing the very useful reports on these conditions already published under the auspices of the Bureau of Foreign and Domestic Commerce, such an inquiry was made last winter and spring by the Secretary General of the International High Commission. Some of the results of this systematic investigation have been assembled in the following statement. Some fifty corporations were asked for a detailed review of their experience in handling credit conditions. Care was taken to secure the views of representatives of widely different industries. Many interests approached operate through subsidiary companies in various Latin-American countries, others have branches and agents there, while some carry on their Latin-American business through commission merchants in New York, New Orleans, San Francisco and other ports. These firms range from large corporations to what may be described as smaller commercial organizations not readily meeting older and stronger competitors.

All the replies agreed that a more general extension of banking facilities will be necessary to improve commercial relations between Latin America and the United States. The manufacturers, wherever they mention the subject, are a unit in believing that only the establishment of branch banks will meet the situation squarely, and no security can be expected from continued dependence upon native banks or European branch banks. This is so, they claim, for two reasons. First, Europe has furnished most of the capital in Latin America, and European bankers insist that the money they lend be so used that advantages will accrue to their national merchants in return for the confidence shown by the original loan. There is, according to most replies, only one method of preparing the way for the introduction of United States capital into Latin America at a more rapid rate than has been the case, and that is

through the establishment of chains of branch banks; although one or two persons have pointed out that such banks must be ready to handle long term investments, and must not confine themselves to the more liquid types of business; that is, they must be empowered and disposed to do investment banking, on a fairly large scale, and not be based exclusively on "rapid turnover" transactions. To be sure, this should not mean undue attention to municipal, provincial or national loans or public enterprises, to the prejudice of deserving opportunities for investment in private enterprise. Investments directly connected with industry will be necessary if the banks in question are going to give a well-rounded measure of service to the country which they represent. After all, while these types of investment banking,—the government loan and the financing of national industries,—may later be made the objects for separate and special banking organizations, at the outset they deserve equal attention from those who are planning to begin banking operations. Secondly, there is no satisfactory means of extending credit so as to conform easily with local usages, except through branch banks. The manufacturers are makers of goods, they sell merchandise, they do not sell credit. That is the business of the banker. In this day of tremendous specialization, the average commercial house cannot engage in such a wide divergence of operations as characterized the merchant bankers of former generations. And if it is pointed out to the manufacturer that British and French and German exporters have successfully adjusted themselves to the local credit requirements in Latin America, they promptly reply that this is only because the British, French and German banks have manifested a willingness to support their manufacturers and exporters to the limit in granting credit, and have not ordinarily treated this sort of business as they have treated domestic business.

The disadvantage of doing business through foreign banks is mentioned by several manufacturers, who point out that we labor under one handicap of this sort already in the natural predisposition of Latin American merchants to deal with Europe and European bankers. Obviously, our exporter cannot expect to get quite the same credit information service that is given to his competitor, who happens to belong to the same nation as the bank in question. Branches of European banks build up strong nuclei of customers for their merchants at home, not only through advances of capital but very often through the existence of large and prosperous national elements in the countries in which they are established;

and these "colonies" cannot but bring the banks into touch with industries to which they would have otherwise no means of approach. Inasmuch as "colonies" from the United States are rare in South America, branch banks could not count upon quite the same kind of support; but their compensation would lie in the existence of certain superior industrial facilities in this country for meeting the needs of Latin America.

LACK OF FLUIDITY A DIFFICULTY

The chief difficulty in the Latin American credit situation is the lack of fluidity characterizing all transactions in that part of the world. It is only in highly integrated, industrialized and specialized countries that credit machinery has been so developed as to take care of nearly all commercial transactions in comparatively short time. In debtor countries and in countries whose economic importance rests upon a control, more or less complete, of one or a few products, the apparent lack of variety in the character of transactions would seem to tend to a standardization, which, because of its very stability, ought to develop a certain capacity for being readily mobilized. That this is not the case is probably due to the fact that such countries attempt to superimpose upon their somewhat simple business systems, the conditions existing among more highly organized nations. This is a natural and inevitable tendency due to the internationalization of social tastes and methods. Latin America possesses in the fullest degree European culture and refinement of atmosphere, and all the luxurious accompaniments of these characteristics meet the eye of the visitor. But a continent whose commerce is based on the exportation of meat, grain, fruit, coffee, wool, hides, fine woods and dye woods, rubber, and mineral wealth, cannot secure in return for these products not only the railway and power equipment, the fuel, and the machinery needed for the further production of such materials, but also the infinite requirements of an elaborate social system, without abnormal, complex and costly use of credit.

It is an old story that European exporters are willing to grant six or more months' time at a reasonable rate of interest. It is probably familiar, also, that some European machinery firms will give one to three years' time at six per cent, and will even offer four years' time at as low as four per cent interest in order to underbid an American competitor. The European manufacturer of machinery realizes that his machinery is as safe, generally speaking,

in Latin America as it would be in a neighboring county, arrondissement or Reichsbezirk. His competitor in the United States is not quite so sure that his machinery is safe or that he knows as much about it as if he were selling it in the United States or in Europe. While he is ready to sell on deferred payments at home he rarely contemplates with any satisfaction selling on deferred payments in countries with whose business community he is unfamiliar and of whose traditions he knows little. That, after all, is one of the results of the fact that we ourselves, no less than Latin America, have long been looking to Europe for guidance and assistance; so that the country as a whole has just become aware that it does not need to concentrate its entire attention upon European markets and European financiers. Of course, there are individual exceptions with a long and notable record of commercial accomplishment in Latin America and other quarters of the globe.

HIGH INTEREST RATES

One effect of the extensive use of deferred payments is to perpetuate and make more widespread a usage already not uncommon in Central and South America. It must be recalled that interest rates in Latin America are very high. The usual rate is in the neighborhood of twelve per cent. If a local merchant can use his money for local purposes at twelve per cent for four or eight or twelve months while he is paying only six per cent to the exporter for the extended credits, he is pretty likely to seek trade with the house that will adjust itself to this system. And our American exporter should not expect to capture this type of merchant,—and an important type it is,—with sixty to one hundred days' credit. It must be admitted that the more experienced commission houses, and many firms in this country, have found that long-term credits for Latin America were not only safe but wholly necessary in order to make real headway. Such corporations are generally willing to grant as much as six months, and more when warranted. To be sure, each case has carefully to be studied with a view to give only enough credit to cover the time that it takes the goods to reach the merchant and through him to reach his customers. The very long terms often granted by European firms are pointed out to be unwise by some of the exporters in this country who themselves have been among the most liberal grantors of credit. They declare that the normal uses to which credit should be put cannot properly be satisfied if there is going to grow up a system providing the Latin

American merchant with a long enough interval between receipt of goods and maturity of his paper to enable him to use the purchasing or lending power thus put at his disposal for purposes distinctly apart from the given transaction. But here again note must be made that only large and independent corporations can do business on very long term credits; the small firm being estopped from engaging in such transactions because of limited banking facilities. In proportion as these are supplied by the establishment of branch banks able to absorb reasonable credit extensions, the small corporation can enter the Latin-American market more freely.

Another element in this credit situation has long been the impossibility of securing accurate information. Indeed, this is regarded as the chief difficulty by some widely experienced firms. The only detailed and authentic information available until fairly recently had to be secured from foreign banking houses, and, of course, the disadvantages of this source of information are many. With the establishment of branch banks properly equipped with credit departments this obstacle is now being met. The service of the banks in this regard is all the more necessary owing to the limited extent to which commercial agencies operate in Latin America. It is no easier to secure credit information in Latin America than it is elsewhere. Perhaps purchasers there are somewhat more sensitive than in other countries; and requests for specific statements of their financial standing have to be phrased very diplomatically if made at all. And as elsewhere local banks are not the safest places to approach for credit information. It is eminently more satisfactory to have an organized system with large resources making use of satisfactory methods. The suggestion is made that the credit associations in this country be induced to maintain branches in the commercial centers of Latin America; and, in spite of not a few obstacles, this seems practicable and useful.

EXCHANGE OF CREDIT DATA

There is no doubt that information on prospective foreign buyers might profitably be accumulated in a systematic manner by such associations of private organizations with a view to covering possible future markets in a methodical and thorough manner, against the time when business expansion requires the use of such information. In this sense the commercial agencies and credit associations serve as the topographical experts and planners for the commercial army which they serve. Then, too, measures might well

be taken to facilitate the ready exchange of credit information between those engaged in the same markets in non-competing lines or even occasionally in competing lines. The day of the organization of business, at least in the foreign field, along national lines would seem likely to follow the day of unlimited competition in that field; and the complexity of international commerce has led to the substitution of co-operative measures along national lines for the older, unrestricted free play of individual effort, just as the complexity of the social and business life of any modern nation seems to be putting a strong curb on our traditional interpretations of the freedom of contract. It has been found by several corporations that after a short time they can arrive at satisfactory credit understandings with their Latin-American customers on the basis of four and six months' bills. Bills for four months or less are almost always immediately negotiable in New York, and thus a return is secured at a reasonable discount almost before the goods have been exported, and none of the delays often incidental to domestic collection are experienced.

In conclusion, a number of manufacturers and exporters express their views to the effect that any increase in the volume of business cannot be secured in a moment, and changes in the channels of business will not be instantly brought about. The exporters and even the bankers of the United States ought not to be expected to take the whole Latin-American credit situation on their shoulders just at the point where Europe has put it down. The general assumption that the shifting of a vast mass of gold and other agencies of control over credit from Europe to this country have imposed upon the United States a certain definite responsibility for the maintenance without friction of the Latin-American credit situation as it existed before the war—a responsibility which, it is assumed, naturally follows the gold in question—does not take into account a number of important factors. Our emergence into the international credit market is too recent for there to have grown up any widespread and clearly crystallized notion as to the best methods of dealing with our foreign customers who demand longer credit than we have been accustomed to give our domestic customers. But these things will settle themselves. In order to meet legitimate competition our corporations in the United States will adapt themselves to foreign practices where necessary. And once our business men shall have become familiar with the present facilities for secur-

ing information and shall have acquired a common fund of experience in getting adjusted to Latin-American wants and ways they will not fail to cooperate intelligently and take advantage of their attractive opportunity.

MR. J. H. TREGOE, Secretary-Treasurer, National Association of Credit Men, New York City: Gentlemen. Twenty years ago we had no domestic credit system. The credit men of the early nineties will recall how disorganized and unsystematic were the granting of credits and through a period of twenty years we have been mussing up the credit opportunities of this nation and we have been developing a body of men whom we call "credit men," and we now have a system for the granting of domestic credit. We are in the same condition in relation to our foreign credits to-day that we were with our domestic credits a quarter of a century ago. Taking a real clinical view of the situation, it has been our conclusion that the exporter has neglected very largely the credit end of the export game. He has failed to recognize that if we are going to maintain the export trade, which is one of the strong bases of our domestic prosperity, we must develop a system for the direct granting of foreign credits. With that conclusion, we broke into this convention and were heartily welcomed by the Foreign Trade Council. We have talked co-operation so much that we wanted a chance to practice it, and our idea is to have these exporters understand that the credit end of the exporter's business must be developed just as carefully, just as closely and just as systematically and comprehensively as the distribution of merchandise. We have brought you together for that purpose this afternoon. We know if you were a body of credit men we would have you all enthused; but we want you to feel that this is a very informal occasion and every man is supposed to say what he feels and what he thinks and do it right to the point and right under the topic we are discussing. We haven't much time and we have got to do it with system and directness, and the idea is, if the Chairman will permit, when these red-blooded fellows who are going to deliver addresses get through we will put them on the witness stand and grill them and see what they have to offer us, and in that way we hope when this is through to have written the first letter of the foreign credit alphabet. Now, Mr. Chairman, if we all feel in a good humor and all ready for it, as the boy on the East Side would say, "Let's Shoot," and get right down to work.

MR. H. A. STANTON, Credit Manager, Norton Company, Worcester, Mass., representing also the Worcester Chamber of Commerce:

I am heartily in accord with what Mr. Tregoe has just said in regard to the need for a system of direct granting of foreign credits. The company I represent does business with every country in the world where grinding wheels are used. This business is transacted through the exporter as well as direct with the customer. At times I can assure you we have had our troubles in compiling definite, authoritative information regarding the various customers. We have an excellent system for gathering data on domestic credit risks but our foreign system, I am forced to admit, is inadequate; at least, that has been my experience. If we can have the hearty support of the National Association of Credit Men through the energy of our able Secretary—Treasurer, Mr. Tregoe—it will go far toward ways and means for a definite foreign system and we will then have commenced work in the proper direction.

I have jotted down a few thoughts rather at random perhaps, as Mr. Tregoe at the eleventh hour asked me to say a few words on this subject. As this is an open meeting let's consider it as one large family gathering and see if we can't get some real good for all of us out of it.

About three weeks ago we had occasion to send out twenty requisitions to a mercantile agency on certain firms across the water. We received sixteen reports in return. On four they had no data on file. These sixteen reports were dated last spring. They assured us that additional information would be sent after the revisions, but what we wanted was information immediately, not six or eight months hence. In a case like this, where orders have been received, we must know where we stand before starting material in process.

Invariably when information is requested through banks who conduct a Foreign Credit Department the reports received after summing up generally state that their correspondent informs them that on a certain date the firm inquired about was either good or bad, but they have no up-to-date information on file. If we request it, they will write for later facts. We are, therefore, no better off so far as definite information is concerned than when we started. To be sure this does not always occur, but as a rule the facts received are not sufficient for us to base any extensive credit dealings. We are fortunate, however, in having access to these sources of in-

formation. This statement is not intended as direct criticism of the banks, as the reports they give us are gratis and we cannot expect them to keep their files up to date for our special benefit. My thought is simply to state conditions as we have found them and perhaps assist if we can in improving the present credit system.

When an order is received from a domestic firm we generally know where to procure proper information. On the other hand, if it is from a foreign firm we think of the sources of information at our disposal, but whether we can obtain the facts needed is rather uncertain.

We rely in a measure perhaps too much on the exporters and commission houses. Through their branches and within the span of their activities they are in touch with the customer and generally have means to finance the shipment either with their own capital or through the aid of their bankers. When we receive an order through the exporter for a concern in South America, for example, we are instructed to ship the goods through their care (meaning the exporter) and mark the cases with certain numbers, signs and so forth. Although we receive payment through the exporter according to our regular terms, we don't, in nine cases out of ten, know who the customer is unless we inquire from the exporter. The order is generally placed by the customer with the exporter for certain products. Unless it is stipulated in the order the customer sends them, that the goods must be purchased from a certain firm, I dare say you do not always receive it unless your terms, prices, delivery and so forth, as mentioned in the quotation you are requested to submit by the exporter, is better than your competitor's.

Now don't misunderstand me or misinterpret the thought I want to bring out. We cannot eliminate the exporter and commission house and that is not what I am trying to do. The exporter is of invaluable aid and assistance to us. I do feel, however, that if we can establish a system so as to enable us to intelligently handle our foreign business through the aid of a proper direct credit system, so as to insure us of receiving up-to-date credit information, it will eliminate in a measure any possible chance of losing our identity, which is the case in many instances where customers place their orders through an export house. Not only this, but there are the exporter's charges to be considered, not only from our point of view but from the customer's as well.

Recently we had a gentleman from Santiago, Chile, visit us. He came to this country principally to acquaint himself with the

manufacturers from whom he had been purchasing through exporters. He did not want to continue paying commissions to the exporters and desired to do business on a direct basis. He posted us fully in regard to his financial standing. We opened the account and sold him a bill of goods.

The export interests naturally feel that they are an absolute necessity and they are in many cases. However, when the foreign buyer has advanced to such an extent with regard to financial resources as to be independent of the export house, he should place his orders direct and we on the other hand should assist him to the fullest possible extent. A buyer may desire to purchase several small quantities of merchandise from various concerns; that is, through certain manufacturers in this country. Many of these buyers are too small to ask or expect open credit. We could not ship them direct in view of their limited finances. In such cases the export house is a vital necessity and we must have it. Open credit, however, seems to me to be an absolute necessity if we ever hope to compete against foreign manufacturers who are our competitors.

One of the essentials of direct dealings is the absolute confidence between the buyer and seller. The exporter and importer who is in search of wider markets is necessarily forced to meet long term accommodations of the British and German manufacturers who enter the field as important factors, and compete with us. This will be more pronounced when the war is over and the foreign manufacturers begin to urge preparation and adaptation to foreign conditions.

We held a meeting at the Worcester Chamber of Commerce last Monday and at that meeting endeavored to get together the manufacturers who could not attend this convention in order that we might obtain from them the ideas they had in mind in connection with their own export business and what they would like particularly to know. In this way our delegation to the convention could be of some help and return from these meetings with helpful information. The meeting was in a way disappointing to us because of the small attendance. Many of them are working full time handling domestic business and are not looking as far ahead into the future as perhaps they should. Many far-sighted manufacturers are, however, preparing diligently for the foreign field and many are transacting business with foreign firms just as smoothly as with the home customers. There is absolutely no reason why this should not be the general and ordinary thing. Mr. Gonzales of the National Associa-

tion of Manufacturers, at a recent foreign conference in New York, remarked that we must bear in mind that there are honest men in foreign lands just as there are here, and not to lose sight of this fact in our prospective dealings. You have got to extend credit and show your confidence in the foreign customer if you ever hope to open these markets.

Among the methods to receive the severest criticism is the practice of cash against documents. Many manufacturers will not do business across the water unless they have money in advance, generally in the form of a confirmed credit. Such an arrangement during the present abnormal conditions is to my mind perfectly justifiable and proper, especially considering exchange rates, difficulties attendant in the transferring of funds, and so forth. At present we are following this procedure of confirmed credits with Russia and Italy and this applies to practically all concerns, I dare say, who are transacting business with customers located in these countries.

Funds transferred in the form of an irrevocable, confirmed credit are placed on deposit in New York and the credit remains intact until goods are shipped. Your payment is made by the bank against a full set of documents, railroad bills, or whatever way the credit may read. Many foreign companies have stopped this plan with certain accounts for the reason that in the case of a confirmed credit the money will be paid to you by the bank direct in case you do not care to wait and ship against documents. Many of the smaller American firms who have received orders from across the water have accepted them even though they did not have sufficient capital to finance their operations. They insisted on cash dealings, however, and after notification had been received that a confirmed credit was held at their disposal it was an easy matter for them to arrange with the bank to have the money transferred to their personal account. After these foreign customers discovered that they were financing certain rather small American manufacturers they stopped this confirmed credit arrangement except with certain reputable firms. At the present time it is rather difficult to procure money from Russia, in particular, unless the goods are ready for shipment and you have the necessary permits and letters of assurance.

Probably 85% or 90% of the goods we ship across the water are special and of absolutely no use for domestic purposes. During the present time, naturally, we are not taking any unreasonable chances, but nevertheless intelligent risks are assumed. Many manu-

facturers who have been criticized because they insisted on cash against documents have felt the criticism keenly and in some cases they shipped the goods and met with a loss. We must all realize that while refusal to grant credit may lead to loss of trade, indiscriminate credit granting must necessarily lead to a loss of money. Some manufacturers hesitate to enter the foreign field because it is felt they are not equipped to do a foreign business from a credit viewpoint. The difficulty of securing reliable credit information, the danger of not receiving timely warnings of changed conditions, and so forth, has deterred many from going ahead on a developing basis.

The point is, gentlemen, how can we meet these foreign credit conditions and what improvements in our present foreign credit system are necessary? These are some of the thoughts uppermost in our minds and the question is what steps shall we take toward establishing some definite policy. Gentlemen, I thank you.

MR. H. B. LAU, Export Department Moorhead Knitting Co., Inc., Harrisburg, Pa.: Some one has said "the best part about selling merchandise is—being paid," and if *being paid* is the final thought or purpose in every sale it necessarily follows that an efficient Credit Department under competent supervision is a necessary adjunct to any concern doing domestic or foreign business.

Of what benefit is it to the American manufacturer if his "Maximum Production" and unequaled transportation facilities enable him to market his merchandise if his credit system is not based on sound principles? We are all familiar with the sound principles such as obtain in domestic credit writing, and why should not such sound principles obtain in the writing of Foreign Credits?

There is every reason for such a system if we are to do export business in a wide and efficient way. Under our present system of Foreign Credit writing, where are we to obtain absolute facts—for instance—Who is Angel Colaretta, Lima, Peru? How shall we determine whether or not he is financially able to meet his obligations? Will this customer take advantage of distance from source of supply and abuse confidence by taking exception to any detail of procedure in filling the order, or find fault with the merchandise and allow it to remain in the Custom House for our account?

There are, of course, several methods whereby these points in doubt need not be considered—

1st—Draft with order.

2nd—Confirmed letter of credit.

3rd—Exporting through commission houses of first credit standing.

But are any, or all, of these three methods desirable ones in competition for and the building up of world trade? Let us examine them.

1st: What importer in South America can and will afford to send cash with order only to receive merchandise six months or one year after such dispatch?

2nd: The average and smaller importer is financially unable to furnish confirmed letters of credit to all concerns selling him merchandise.

3rd: We surely are aware of the growing desire on the part of the foreign buyer to deal directly with the manufacturer or producer, thereby eliminating all factors that tend to increase the cost of the merchandise to him.

Hence, I am of the opinion that the methods as outlined are not such as will assist us in securing and holding permanently foreign trade. It necessarily follows that direct exporting is therefore the ideal scheme of foreign merchandising, and if that is the case a system for the direct granting of foreign credit is absolutely necessary.

What is to happen to our world trade after this titanic struggle? Authorities differ, but I believe,—and I am not an authority,—that we shall command a trade equal to the esteem of the foreign merchant as to our product, and honesty of purpose. How shall we develop such esteem? Only by direct close personal relations, direct exporting and a system of direct credit writing.

It is a pleasant feeling and a great pride to receive a personally signed letter from a customer and friend in Lisbon, Portugal, stating that he had that day paid your draft upon presentation, and that on account of the merchandise being satisfactory in every respect and owing to the good intentions of your esteemed house in promptly supplying this merchandise under unusual manufacturing conditions, with which he is partially familiar, are enclosing herewith an important order which he knows you will execute at your earliest opportunity, and at lowest market prices.

What part does Direct Credit granting play here? Does it not bring one in close personal contact with your merchant? What barrier is distance? None. Does not direct credit granting foster and develop this esteem on the part of our customer and friend? Suppose it became necessary to ask for confirmation of new and

higher prices for certain commodities, explaining in full the unusual conditions obtaining in the manufacture of such products. Would this esteem wane? No. Why? Because he knows by this close personal relationship that interests are mutual, and of your honesty of purpose.

Are there any other reasons for the need of a system for the direct granting of foreign credits?

Let us suppose that you as a manufacturer have up to the present time confined your sales efforts to domestic merchandising. You now decide that your products and facilities warrant your selling into foreign markets. Let us assume that you choose Ecuador as a market adaptable for the sale of your product. What should be your guide in the selection of your accounts? Your system of direct granting of foreign credits should be of great assistance and a necessary adjunct to your Sales Department to prevent solicitation of undesirable accounts. This necessary feature will in all probability save considerable valuable time, and prevent possible future embarrassment. In fact, should not an efficient Credit Department be possessed of all credit information regarding prospective customers in advance of any activities on the part of your Sales Department?

What other important part can your properly directed Credit Department play in steering the ship "Commerce" safely through the storms?

Properly developed facilities for the direct granting of foreign credits will give your Credit Department ample opportunity for the study of conditions as they obtain in the several foreign states. Who remembers the Argentine Land Speculation? Would that particular country and at that time have been an attractive market for your product?

Your efficient Credit Department properly armed will be in a position to tell your Sales Department to push sales in Cuba on account of general prosperity due to sugar crop and sugar prices. Your credit files will show you that conditions are good in Colombia due to prices of leather and leather products. Thus we might go on describing conditions which warrant the need of a system for the direct granting of foreign credits, but I believe it will be sufficient to say that the fundamental principles governing the extension of credit should obtain regardless of the color of skin or place of business.

MR. E. W. AMES, American Steel Export Co., New York: With all due respect to the Credit Men's Association and to any other constituted organization for securing credit information, I want to say that it seems to me that we all proceed with reference to foreign business, whether it is the getting of credits or anything else, from the wrong point of view, and while I have no concrete suggestion to make, I should like to say this: I have spent sixteen years in South America and think I know it pretty well, and I have come to a stage where I don't talk about "these foreigners"; I talk about them as Chileans and Argentinos and Brazilians, and I can recognize that when I am in South America I am a foreigner. I want to give a little illustration of what I mean. I was crossing once from Chile into Argentina and as we approached the boundary line, which was marked at that place by a steel post, with a very pensive attitude the Chilean who was with me took a long stride and stood on the other side of the boundary line, which had only recently been marked, and as he stood on Argentine soil he remarked: "For the first time in my life I am a foreigner." He realized that by merely stepping over that arbitrary line he had become a foreigner himself. If the Commission had put that boundary line a little farther West he would have become a foreigner a little sooner, and if it had been placed a little East of where we were, it would have been just a little longer before he became a foreigner. That is all there is to it, and we ought to approach foreign business in precisely the same way that we approach domestic business. We ought to be able to find out about our foreign customer just as readily as we find out about our domestic customer, and, really, the element you count more on than anything else is the personal contact established between you and your customer by your own duly accredited representative, and the nearer that accredited representative is to being the head of the concern, the better.

MR. EUGENE SCHILLER, Werner & Pfleiderer Co., builders of machinery, European houses at Berlin, Cannstatt-Stuttgart, Cologne, Hamburg, Frankfort-on-Main, Dresden, Vienna, Moscow, Paris, Milan, London, Petrograd: The factory I represent is the American factory of an international concern: We have factories in Germany, Austria, England and Russia and I am therefore familiar with the export routine of our German organization in regard to South American trade. Take, for instance, Chile, where they have a representative, which is a well financed house in Santiago. They are supplied with the necessary catalogs, advertising supplies, etc., in Span-

ish and also with the necessary technical information. Any orders taken by them are transmitted to the German factory, and the machines are properly packed and shipped to the order of the Chilean representatives. The shipping documents are sent through the bank with acceptances running nine, twelve and, in some cases, up to twenty-four months. The German Bank, that is, the bank in the city where our German factory is located, discounts these acceptances (or better called "drafts" at this stage) and credits their account with the proceeds. On arrival of the goods in Chile, the shipping documents are delivered to the purchaser of the machinery against acceptance of the drafts, thus making them "acceptances." The Chilean connection of the German bank holds these acceptances until maturity.

Now the manufacturers get their credit information from two sources: first, through their own local bank, and second, through their representatives in Chile. They are able to check these two reports up with one another and are thus in a good position to judge what credit can be given in each particular case. I believe it is not so much the inability to get reliable credit information, as the inability to carry the credits, that hampers the American manufacturer in general. This condition, however, occurs not in the export trade alone. We have the same condition in our domestic business. One reason why American bankers are not more familiar with long term bills of exchange, is that in America we do business too much on a cash basis. For instance, if I was a macaroni manufacturer in Europe, I could grant my customers, large and small, six months' credit. I would get my acceptances on delivery of the goods, and could take these acceptances and pay my creditors. The acceptances are passed mostly at face value and in much the same fashion as we pass checks. I can give an acceptance to the mill which furnishes my flour in payment of their invoice or in payment of their acceptance drawn on me when the same matures. The flour mill in turn endorses my acceptance and hands it to a machinery manufacturer in payment for flour mill machinery, and so on. The acceptance will go through a good many hands up to the time of maturity, just as if it were a ten-dollar bill. I firmly believe that this system is upholding the German finances in this war. The sooner we come to a similar system, the better for us and this country. As I understand from remarks made here this morning, the American Bankers Association is working on a negotiable instrument law that would have practically the same effect. Such a system, if it is properly under-

stood and applied by the American manufacturer, would do him immense good not only in domestic business but also in export trade.

MR. MAURICE COSTER, Managing Director, Westinghouse Electric Export Co., New York City; also representing the National Electric Light Association and Electrical Manufacturers Club; member National Foreign Trade Council: I am not a credit man and know nothing about credits, but I have spent six years in France and twelve years in this country in foreign business and it is a pleasure for me to tell you that if any one should glance at our statements they would find opposite the line of "Bad Debts" an absolute blank. As I have to attend another meeting shortly I asked to be allowed to speak a few words now. There are several group meetings I would like to attend, the one in which I am most interested being "Co-operation in Foreign Trade," but I came here because I wished to learn something about credits.

One of the previous speakers referred to the commission merchant. We deal largely through commission merchants but we sell more direct. We think commission merchants are an absolute necessity and the commission they receive sometimes hardly pays them for the risks they run. The commission merchants learn about the credit of people in foreign countries by sending travelers abroad whose business it is to make friends among the merchants and find out something about their character. If the National Association of Credit Men is to branch out in the matter of foreign credits, it seems to me that the members will have to follow the lead of the commission houses in becoming better acquainted personally with the prospective customers and ascertain their local standing.

You probably know that in most foreign countries a man's credit is either good or he has no credit at all and his reputation is his basis for his credit. Personally I would rather sell to a man having a good reputation and no capital than to a man having a bad reputation and a great deal of capital. The foreign merchant who has a good reputation will do his utmost to maintain it. When a draft made on him becomes due he will pawn his last piece of jewelry, so to speak, to meet it rather than default and lose his standing with the bank.

Foreigners as a rule are loath to give out figures regarding their business, principally because of the fact that in their own countries they are quite often used for purposes of taxation and consequently they would rather not have their actual worth known to any one.

We cannot, therefore, use the same methods in determining foreign credits that are employed in domestic business.

In our organization—the Westinghouse Electric Export Company—I have nothing to do with credits. We have an efficient credit department and sometimes its manager disagrees with me, but after free and frank discussion we always come to an understanding and such an arrangement has led us to do a great deal of very profitable business, in fact, resulting in no bad debts whatever after having done millions of dollars' worth of business in foreign countries.

The reason why I am particularly interested in the Group Session on Foreign Credits is because it is impossible to conduct a successful and increasing foreign business without a knowledge of foreign credits. I learned something a few days ago which was new to me, although it may be known to most of you, and it is this: The successful European manufacturers have been making a rate of interest of about 8% for the first year, 10% for the second year and 12% for the third year, thus making it advantageous to the buyer to settle his bills as soon as possible.

Recently I received a personal inquiry from a New England house about a man in Mexico, requesting certain information about his capital, how much credit we allowed him and a great many more conventional questions. I did not reply specifically to any of the questions. I made a foot-note, however, and stated something to the following effect: "This man has very limited capital, but I feel sure that he will incur no obligation without being able to meet it." We have often sold people of this class with practically no capital but who we knew from experience were honest and would meet their obligations; consequently, we decided that we could afford to trust them and in doing so the result has always been satisfactory.

MR. WILLIAM F. BENKISER, Manager, Foreign Exchange Department, The First-Second National Bank, Pittsburgh, Pa., doing business with every country with which the United States maintains commercial relations:

It seems to me that our subject may be divided into two parts. The first question is how to obtain reliable credit information, and the second is how to meet the terms extended by banks in foreign countries to their own manufacturers and to foreign traders.

I believe that additional facilities on the part of our mercantile agencies will naturally grow up as the demand increases. If our mercantile agencies would get in touch with similar agencies in other countries, and get regular reports on a selected list of im-

porters and exporters three or four times a year, we should receive information which would not be colored by foreign branch banks in the interest of their home merchants, as some seem to fear, inasmuch as the same information would be imparted to us that is available to the local trade. Where round amounts are involved, these reports could be brought up-to-date by cable at small expense.

The establishment of additional branches abroad by American banks will, as a matter of course, be of great assistance.

If the National Association of Credit Men were to establish an office in each of the countries where our prospects appear brightest, for the purpose of exchanging American against foreign credit information, we should have an additional independent source. Such an arrangement would be something distinctively American, for I know of no other country where merchants' associations maintain such offices abroad. I fear, however, that the proposition would be too costly; and one, two, or three offices distributed geographically over our own country, say in New York, Chicago, and San Francisco, where credit information about foreign merchants would be collected on the basis of our own experiences, would be more feasible, and in the course of time prove very valuable.

As to the financial side, I think that our bankers should be careful to keep their assets sufficiently liquid, to insure the maintenance of interest rates as low as those of London, Paris, or Berlin, or lower than theirs. We must see to it that our exporters are enabled to carry their customers as long and as cheaply as are carried the exporters of other countries. If this assistance is rendered by our bankers with such caution as is dictated by the credit information obtained through the aforementioned sources, if our goods and prices are right and we follow shipping instructions, I cannot see any reason why we should not successfully compete with the European exporter.

MR. ARTHUR W. JONES, General Electric Company, Schenectady, N. Y.: I have been connected with our foreign trade for a great many years and for ten years in active business in Australia and Africa. In those countries where there were no credit associations or well known channels through which we could get reliable credit information, I found that the best and most trustworthy advice could be secured, by those who wished knowledge concerning the credit standing of prospective customers, through the English banks or the branches of the English banks located in the foreign countries. Doubtless our own American banking system is going

to expand so that eventually we can get reliable information from these connections, but until that time comes I have the utmost faith in the benefits and information to be derived from the English banks and branches. During the years spent in Australia I freely sought the advice of such institutions and had no cause to regret having done so, for in the millions of dollars of business done during that period, we had absolutely no losses from bad debts.

MR. TREGOE: Do you believe it is possible we can build up an efficient foreign credit system?

MR. JONES: I think until our foreign business develops on a broader and wider scale, it is hardly to be expected. At the present time it will be an expensive proposition, and for some years to come we will have to depend on other sources for our credit information; but we want to get the business now; we don't want to wait for the establishment of a credit organization or we will lose a great deal of valuable time. Our present need is to apply ourselves to the sources that exist and are reliable, and I assure you that there are such sources that are valuable and freely available.

MR. TREGOE: Do you believe in extending them?

MR. JONES: I believe we should have such an association, and greatly extended.

MR. TREGOE: Is there need of such a system, in your opinion?

MR. JONES: There will be a need as our business extends. I think we can do safe business relying on credit information from sources now available; but perhaps we might not be able to depend as we can now on these sources of information when our foreign trade becomes much greater.

MR. TREGOE: Were you educated in the credit department?

MR. JONES: No; as an Engineer.

MR. AMES: May I be permitted to ask Mr. Jones if when he says English banks he means Australian banks?

MR. JONES: I am speaking mainly of business in English Colonies, and refer to Colonial banks or branches of English banks in the Colonies; they are all imbued with the same sense of honor and straightforward dealing, and give you with equal freedom dependable advice no matter what your nationality may be.

MR. AMES: I am not a credit man, but it seems to me if you are looking for credit information, as for any other information, you want to get as near the source as possible.

MR. TREGOE: Mr. Ames interested me very much by saying that the attitude of the manufacturer is not proper toward the mer-

chant abroad. What should the American manufacturer do to cultivate the proper attitude, because you must remember, in the development of a credit system the buyer and seller must be brought together, and brought together right.

MR. AMES: I said I had no specific remedy; the difficulty is psychological and you cannot remedy it by any rule of thumb.

The unfortunate attitude I refer to I can best illustrate by a conversation I had some months ago with a big manufacturer of felt who had just secured a large order for saddle-pads from the Russian Government. He told me, with a great deal of pride, of his having secured the saddle-pad order from the Russian Government in spite of "great obstacles." The "great obstacles" were the difficulties encountered in doing business with a man who spoke only broken English. The manufacturer expressed his surprise that the Russian Government should send over here on important business a man who did not speak perfect English, and yet, not ten minutes later, in speaking of the possibilities of doing business in South America he said: "I think this talk about the necessity of sending to South America men who know Spanish and Portuguese is all bunk; plain American is good enough for me." This is the attitude I refer to.

MR. HILAIRE J. HOLDER, General Export Manager, Scripps-Booth Corporation, New York City, automobile manufacturers with distribution over the entire globe:

I am not a credit man but I seek information. Suppose you receive an order from Australia, would you wait twenty-two mail days until your letter reaches Australia and the reply comes back with possibly the information you desire, rather than cable to your customer abroad, as long as we have no recent credit information here, to have him authorize his bank to authorize you, through your or his New York bank, to draw on him?

MR. JONES: I would cable him.

MR. HOLDER: You are not extending any credit and you are not taking any risk, because the authorization of the bank to draw indicates the customers' reliability to a great extent and although the paying bank keeps the drawee liable, at the same time the capability of a man to draw speaks of his standing in the community. Business methods are the same in doing domestic and export business, although as a rule the periods of credit are not as long in domestic as in export. Besides, there is a difference in the trade. You can't sell hosiery in the same way you sell automobiles. In dealing be-

tween Detroit and New York we can get returns on our money inside of a few days; but it takes weeks and months to get returns on shipments to India, for instance, and inasmuch as our banks don't advance money for use in this manner we cannot expect the local manufacturer to expend his money in granting credit to foreign customers in large amounts, under our present financial system.

MR. NEIL GRAY, JR., Oswego, New York: I want to ask a simple question and I would like to know if Mr. Stanton can answer it. Suppose you had an inquiry from a customer in France, how would you sell him?

MR. STANTON: We have an agent there.

MR. GRAY: But if you had no agent? If you had an inquiry which you would like to develop into an order if you could. How would you develop it into an order?

MR. STANTON: I would turn it over to the Sales Department.

MR. TREGOE: I think that is indicative of our general condition in handling such a situation.

MR. JONES: The question was, I think, if you received an order.

MR. GRAY: I meant it that way.

MR. STANTON: If an order was received from a concern in France, as you state, we would endeavor to gather information through sources at our disposal, such as the National Association of Manufacturers, National City Bank, and so forth. We might also ask Bradstreet or Dun if they had any information on file. If we were successful in gathering sufficient credit information on which to base credit, the order would be prepared and forwarded on open account. If we were not successful in procuring sufficient information, and the merchandise ordered was not of a special nature and of use for domestic purposes, we would start goods in process of manufacture, write customer a friendly letter and request him to furnish us with sufficient information upon which to intelligently base credit and, if possible, extend regular terms which he no doubt desired.

MR. E. J. LAVINO, Philadelphia: Generally, when a foreign firm places an order with a new concern or one with whom they have done no business they add their references to the order; they give you some references of people in this country or their banks.

MR. WARREN L. HOAGLAND, JR., Manager Foreign Department, Burroughs Adding Machine Co., representing Detroit Board of

Commerce, American Manufacturers Export Association, Burroughs Adding Machine Co., Detroit, Mich.:

I want to see if we cannot get clearly before us just what we are trying to discuss. All of us agree that we should like to have better foreign credit information. If I understand the purpose of this meeting, it is to decide the question of *how* better credit information can be secured, rather than whether it is needed or not. I am not a credit man, but I believe that the extent of credit information available in our domestic business is the result of long education. Business men in the United States have only gradually accustomed themselves to the making of frank statements of their affairs to the mercantile agencies. From what I know of our friends across the seas, they are not prepared to disclose their affairs in any such open way. This fact necessarily makes the collection of credit information abroad a more difficult matter.

It does seem to me that we ought eventually to have some kind of a central organization,—perhaps through the Credit Mens' Association—to compile such data and information as now available, securing this data from the various sources mentioned. For the immediate future, however, I imagine we should have to rely on the foreign branches of our American banks for any improvement in credit information.

MR. TREGOE: I seem to have been responsible for having precipitated this argument; but we are running past the time for adjournment. Somebody has asked the question, "Who is a credit man?" and I would answer it by saying, "He is not a cash man." A credit man is a granter of credits and he has become quite a figure in our domestic commerce. The National Association of Credit Men will not compile information on merchants abroad; that is not our purpose. We helped substantially to build up the domestic credit system and now we are endeavoring to assist in building up a foreign credit system. We are doing it by developing sources of information and bringing merchants together for interchange of experiences, and for publishing information on conditions abroad—don't put us down as compilers of information. Our purpose is to build up this foreign credit system.

I would like to ascertain what the sense of this group is upon the need of a system for the direct granting of foreign credits, and ask all who believe there is such a need to raise their hands. (Practically the entire audience responded.)

Would it not be in place just to mention at this point that as a

part of the development of this Association, upon the request of Dr. Pratt, of the Bureau of Foreign and Domestic Commerce, compiled forty-one questions bearing upon credit conditions and standards, and these questions are to go out to all the Consuls and commercial attachés, and there will be coming in information bearing upon credit conditions that will enable the credit department to determine whether or not credits are generally safe in a particular country and what safeguards or caution should be exercised.

THE CHAIRMAN: I am asked to call attention to the necessity of registering to-day if you desire to take advantage of any of the trips that are provided for Friday afternoon. The place of registration is on the parlor floor right opposite the registration room for the general conference.

MR. J. ROGERS FLANNERY, Chairman, Pittsburgh Foreign Trade Commission:

The best method of ascertaining what is necessary to establish adequate credit facilities is to go to the countries that have been in this foreign credit business for hundreds of years before the United States was ever founded. This is not a new question. We are speaking of this credit proposition as if it were a modern problem. It is as old as the hills and to my mind you cannot solve the problem through a foreign association. There is only one way in which you are going to get the true and absolute information regarding the granting of foreign credits and that is by doing as England and Germany have done; that is, establishing branch banks in every part of the world and when you have those branch banks manned by Americans who are working primarily in the interests of American manufacturers and exporters, you will have solved the questions of foreign credits, and until you do that you will not solve it.

I do not think we realize the enormous ramifications of the British and German credit systems. Many American business men think that it will not be necessary to have American branch banks until a greater volume of American foreign trade is secured and that, in the meantime, we should use German or British banks. Did you ever stop to consider that the greatest weapon any manufacturer has when he starts out to gain business is his intimate knowledge of the financial strength and prestige of his prospective customer? Every man must have certain goods and unless you have positive knowledge of his standing, leaving aside the psychological influences of nationality, which have a very fundamental part in

the world's commerce, but looking at it from the standpoint of the credit man alone, you must get your information from an absolutely unbiased source or from one interested in seeing that you get the correct information. England is the greatest of all countries in the matter of foreign credits and foreign exchange and the best proof of the world's recognition of her standing in foreign commercial business is the fact that ninety per cent of all foreign drafts throughout the world were in the English pound sterling.

As soon as this war is over we are going ahead very fast. We have the resources and everything in our favor except two little things: the first is the inability of the ordinary American manufacturer to lay out a permanent and systematic plan for going after foreign trade and not decide that the only time to aggressively seek foreign trade is when we want to get rid of our surplus or of something that did not meet the standard specifications. We refuse to accept their standards and we autocratically and arbitrarily say: "No, you must accept American standards or we will not sell." The second obstacle is that we have not the credit knowledge that is necessary to do business abroad, particularly in undeveloped countries. In order to give you an idea of the enormous network of British banks scattered throughout the world a few examples of groups in undeveloped countries may interest you. Of course, you know that London itself is the heart of the financial world. Take Africa: the Standard Bank of Africa has twenty-three branches and associates; the African Banking Corporation, Ltd., has forty branches; the Bank of British West Africa has fifty-eight branches; and remember this is not a place teeming with population. Somebody made mention of the native banks in Australia. Practically every bank in every colony of Great Britain and Germany has its mother bank situated right in London or Berlin, and there is a very close connection between them so that they can give the necessary credit information, they can take care of long-term notes and the business man who can't afford to carry those notes is eased of that burden. In all Australasia there are nearly one thousand British banks. In Canada, the Bank of British North America, located in London, operates one hundred branches. In the West Indies, there are nineteen branches of the Anglo-South American Bank; the London & Brazilian Bank has eighteen branches; while the London and River Platte Bank has thirty branches. In India, the Levant Bank has the whole of India well covered. That is the whole "A-B-C" of the way the English business man and exporter

are able to do so well. I want to make another statement. The thought was expressed here that maybe the manufacturer does not need the exporter. I think you are all familiar with the way business is done in England on that proposition. There are thousands of exporting and importing companies who carry a large line of credit and the small manufacturer does not have to assume any burden whatsoever. The exporter gets the order and sends it in to the manufacturer. The exporter's biggest assets are business connections in foreign lands, his credit information and financial arrangements with his different banking connections.

Germany has done the same thing only she has gone a little further. I think Germany has a little better banking arrangements so far as business affiliations are concerned than England. For instance, the Deutsch Bank has hundreds of affiliations all over the world; they also see that their directors are very actively connected with the particular exporting corporations whose paper they are taking care of. The Germany manufacturers use the German banks more for obtaining business than those of any country I know of.

THOMAS J. KAVANAUGH, Manager, Credit Department, Mississippi Valley Trust Co., St. Louis, Mo.:

For centuries the great commercial nations of Europe have looked around the world for markets to absorb their excess products. From the time when merchantmen manned by galley slaves—mere frail craft—ran the pirates' gauntlet and placed their wares on the markets of Asia, Africa, and North and South America, to the more recent times, prior to the present great war, when ocean greyhounds menaced by naught but ice, fogs and winter storms, speeded their freights to the different ports of the world, there has existed a keen rivalry between those nations for commercial supremacy, which, perhaps, reached its climax in the gigantic conflict now raging across the water.

Germany, no doubt, had at the inception of the war reached the highest point of efficiency in this respect as compared with any other competitive nation. Intensely a commercial nation, her achievements in the business world were effected in no unsystematic way. On the contrary, the manner in which she set herself to the task of developing her oversea commerce at once excited both the admiration and envy of her business rivals. Just as she made militarism a study for the avowed purpose of protecting her commerce, so did she also make the essentials for the promotion and growth of

that commerce a part of the curriculum of her universities and colleges. From her institutions of learning she graduated young men equipped to go forth into the highways and byways of the world and preach the gospel of her manufacturing and business efficiency at home. And not only that, but also to study the requirements, peculiarities, and customs of her customers across the sea, so that their varied needs could be satisfied as they wanted them satisfied, and not as the exporters of Germany might want them satisfied. To this end also she improved her banking systems and established abroad in the different cities of the purchasing countries agencies or branches for the distribution of her goods and branch banks for the facilitation of payments therefor.

England and France, likewise great manufacturing nations and enjoying the possession of immense wealth and large colonies, also invaded the markets of the world and sold their wares in competition with each other and with others. Although their manner of building up their oversea commerce was perhaps not as thorough and as efficient as that of Germany, still they were even more efficient and more thorough in the development of their banking credit system for the facilitation of their exports and imports. Practically pioneers in the general use of the acceptance, the merchants of those countries were meeting the demands of their foreign customers as to terms, while the merchants of the United States were demanding cash at the ports of New York, New Orleans and San Francisco. They established branch banks all over the world where for imports they readily financed themselves by the immediate acceptance of drafts by those banks, and where for exports their customers were financed in a similar way.

During all those years the shipping and financial interests of the United States had practically done nothing to improve their foreign commerce. The business of this great country of ours grew up automatically on its own merits, gaining strength and growth by the impetus it received from that merit alone, just as the little snowball rolled from the top of a mountain gathers force from its onward, downward course, until finally when it reaches a certain point it becomes an avalanche. The country was burdened with a clumsy banking law whose inelastic and unaccommodating characteristics practically precluded the growth of our oversea commerce. In our schools and colleges the idea of teaching or equipping students for foreign fields of competitive business was hardly ever entertained. We went along in our own self-satisfied way, never wor-

rying about the future, and always willing to take the profits of the day and be content. To us it mattered little that other nations smaller and intrinsically less wealthy than ours should be skimming the cream from the world's business. It is true that we were young; that we were busy with our marvelous growth and inventive genius, and that we had large inward territories to develop in our own country, and that the increased consumption at home absorbed the greater portion of our production.

Since the war, however, conditions have materially changed. The spirit of the American people is awakening to the possibilities abroad. This awakening is, perhaps, in anticipation of a more rude awakening that may occur at the close of the war if we are still suffering from our old disease of lethargy.

I want to quote some figures showing what our exports have been since 1914. For the fiscal year ending June 30, 1914, the excess of exports to the Entente Allies alone was \$448,128,850. For the year ending June 30, 1915, it was \$1,201,450,554. For the year ending June 30, 1916, \$2,336,357,443. For the year ending June 30, 1914, our exports to the Entente Allies were \$1,460,147,814. For the year ending June 30, 1915, \$2,028,395,899, and for the year ending June 30, 1916, \$3,505,773,718. It will be seen from this that our trade with the Entente Allies in the way of exports was about two and one-half times as great in 1916 as in 1914, but let us glance at the imports. We find that for the year ending June 30, 1914, the imports to this country from the Entente Allies were \$1,012,018,960. For the year ending June 30, 1915, they fell off to \$826,945,355, but for the year ending June 30, 1916, we find them increased to \$1,169,416,275, or an increase of over \$160,000,000 over 1914. These figures are significant. They show that while the Entente Allies have been at war during the past few years, still they have been able to maintain their trade position with the world. If this is so during the war, what will it be after the war when they will be forced of necessity to redeem their enormous credits and refill their depleted treasuries? And unquestionably a very large part of our exports were of the necessities of the war abroad, and unquestionably also we will find that when the war ceases there will be a pronounced drop in the figures of our exports to the present warring nations, with probably an increase in the imports to this country, if remedial steps are not taken. What do the trade conventions of London and Paris signify? And we are told of the wonderful activities of Japan, the Mistress of the Orient. We

are told that since the war she has been copying nearly all of Germany's methods and Germany's manufactures and that she is sending her trained agents out to study the world's markets and get her share of the world's trade.

This sounds like a tariff talk, but I will now come to the point I wish to make. I have been asked to talk on "What Is Necessary to Build Up a System for the Direct Granting of Foreign Credits." These significant figures I have quoted have a very distinct bearing on this subject. I would say that the first thing that is most necessary is a full awakening at home to the dire possibilities ahead of us after the war has ceased. This awakening should be very broad and comprehensive in its scope. It should mean that men going forth from such a gathering as we have here in Pittsburgh during these days that we are assembled for the discussion of these subjects should preach the gospel of industrial preparedness and should not only preach, but act and do things. It should mean that our exporting merchants should study the great problem of the foreign acceptance, and its usage as known to the foreign buyer; that we should cease demanding cash at the ports of our country for our exports when the demands and needs of the foreign buyers are otherwise. It should mean that in our schools, colleges and universities young men should be especially trained to go abroad and advertise and sell our surplus products in competition with those of Europe,—equipped not only as to the merit of the goods, but they should be equipped to satisfy the foreign buyers as to credit terms.

One of the most important questions in connection with foreign trade is foreign credits. We cannot fully develop our trade with nations abroad if we are not prepared to meet the conditions offered by our competitors in the matter of credit terms as well as quality of goods.

Some of our great financial institutions, such as the National City Bank of New York, have already done splendid work in this direction. The National City Bank with its wonderful merit system has put a premium upon that character of efficiency which places its employees in position to cope with foreign competition in the world's markets. It conducts a school for the training of its employees in the foreign department of its business to fit them especially as foreign commercial representatives. It has established branches in many foreign capitals for the facilitation of the export and import trade of this country, and for the assimilation of foreign credit information. The example set by that institution and

the work it has done in that field might well answer the question propounded by the discussion before us. The commercial agencies also are valuable sources of information.

If a foreign buyer purchases a bill of goods from this country our exporters here should be in position to grant him the terms he asks, which should be similar to those granted by merchants of competitive countries. To do this, there should be established abroad branch banks, either of the federal reserve bank or of the private financial institutions of this country where credit information would be gathered on the buyer and his sixty, ninety, or one hundred and twenty day draft accepted by the bank. The bank for placing its acceptance on the draft would charge a commission, say of one-half to one-quarter or one-eighth of one per cent. Said acceptance would be readily taken up and absorbed by the wide discount markets that would thus be created in this country by the operation of such a system.

Again I know of large exporters in this country who ship their goods in large quantities to agents abroad, having either the branch of some bank in this country or some foreign bank accept their draft for say 70 to 90% of the face of the invoice, then have the distributing agent retail the goods and account for the entire transaction, the proceeds of the sales taking care of the acceptance at maturity, less the difference in profits and margin originally advanced.

Or the bank might furnish the foreign consignee with commercial letters of credit, either on open credits where facts justify, or accept drafts holding documents against ultimate payment.

But we should go further and recommend the installation of chairs of Foreign Commerce in our leading schools of learning.

We should recommend that all states pass model banking laws such as those placed on the statute books of New York and Missouri, permitting financial institutions organized and doing business under their respective laws to establish and maintain branches in foreign countries to facilitate the easy flow of exports and imports.

I might elaborate on the operation of the acceptance to greater length, but my time is limited and I consider the other idea of general development of greater importance. If my voice could reach in this gathering to the great industrial marts of this country, if I were of sufficient importance in the world of business and finance to drive this message home to our people who are interested in the subject, from the merchant-prince down to the laborer, my message

would be one of warning and of hope combined—warning against our ever going back into the apathy of the past, and hope that this movement that has been set on foot during the past four years, which has found its crystallization in these gatherings, will be productive of the results we desire, namely, that our country will take a leading place in the foreign markets of the world, while still preserving its supremacy at home.

CHAIRMAN THOMAS: Mr. C. A. Green of the Foreign Department of R. G. Dun & Co., New York, will give us some information concerning the work his company is doing.

MR. C. A. GREEN, Foreign Department, R. G. Dun & Co., New York City: I am very sorry that so many of those present a little while ago have left the room, because there were certain questions brought up here, and suggestions made, that showed a need of information along certain lines, some of which I may be able to supply. The difficulty of obtaining foreign credit information has been mentioned several times, and what Mr. Tregoe has said, and what has just been read, about the possibility of an interchange of such information is an excellent thing, but it is going to take time to work it out. The co-operation of banks that has been suggested is also good—everything is good that will bring us sound, reliable information; but it is also well in a conference of this kind to take account of the facilities that are already at your command.

I want to say this to you—it may be talking shop, but I think that is what we are all here for, an interchange of information—that, instead of there being, as was said in the report read a few minutes ago, that there is “no source of acquiring accurate information about foreign business houses,” there *is* a source of acquiring such information; and that it is being developed steadily. Many of you know the work of the mercantile agencies, particularly R. G. Dun & Co., but possibly some of you do not know that there are in operation to-day, outside of the United States, ninety-six branches of that agency. These branches have been maintained all over Europe throughout the war. Naturally you can readily realize not one of them is able to sustain itself, under existing conditions, and large sums of money are being called for constantly to keep these branches in operation. This is being done so that when the war ceases the American manufacturer will have the entire organization at his service—in working shape and ready for instant use.

Much has been said this afternoon about the South American countries, and it may perhaps be news to some of you to learn that

we established our first branch in Argentina in 1902, and that it has been in operation ever since—with a staff, according to the last report, of forty-one people. A branch is also in operation at Rio de Janeiro, and at the intermediate points the same system is followed as that in use in some parts of the United States to-day, namely, the gathering of information by reports and correspondents from men whom we have doing this work for us all the time. These men have been trained by us and have been working for us for many years. This work is going on constantly, with the result that the American manufacturer to-day has better sources of information regarding the credit standing of foreign traders than are available for the manufacturer of any other country in the world.

This information, that is constantly coming through our various branches to the home office in New York, is kept on file there—with the result that it is quite within bounds to say that there is no other one place in the world where there is as much information in regard to the credit standing and responsibility of business houses as is to be found in our head office at New York to-day. This information, moreover, is kept constantly up-to-date and is being added to steadily. It worked out last year for us that of all the inquiries that came to us we had information on eighty per cent. We don't claim to be absolutely infallible, but our files are growing all the time, and are being expanded constantly. Such work therefore as has been outlined by Mr. Tregoe, such service as can be rendered by the banks, and such co-operation as you gentlemen can accomplish by your general interchange of information, are all supplemented by the work of the mercantile agency. It is not necessary to wait for years for the establishment of a chain of banks, the organization for collecting credit information is in operation and ready to the hand of the business man now. This was the great fact that I wished to present to you gentlemen while you were discussing the methods of getting information, and to correct the impression that our work in the export field is less highly developed than it is in the domestic field. There are a good many business men who have used the mercantile agencies for their domestic work as long as they have been in business, and yet have never taken occasion, or perhaps have never had the time, to investigate the work that is going on in the foreign field. This branch of our organization is just as important to you now as our service in the domestic field, because you cannot develop your export trade to any large degree without the use of credit.

You cannot do this any more successfully in the export field than you can develop your domestic trade under the same circumstances and without proper information and without capital, but with the facilities you have at your disposal through the world-wide organization of R. G. Dun & Co.—and they are constantly improving—you are in just as good a position to develop the foreign trade you desire as are the manufacturers in any part of the world. Your banking, of course, is another proposition, and the way in which that is now being developed and perfected is giving you a better chance to handle your credit in a large way and in a way that will be perfectly satisfactory, and will tend to make your export trade actually a more desirable branch of your business than your domestic trade, because you will find that you will encounter far smaller losses than you are accustomed to in your trade right here at home.

I want to impress this fact upon you when you go home and start planning a foreign trade campaign—study what facilities you have at your command now.

CHAIRMAN THOMAS: I would like to ask Mr. Green one question. I think some of us who have been using the foreign service of the mercantile agencies have gained the impression that investigation is not always made until the name comes up under inquiry, and I would like to know whether R. G. Dun & Co. are making any concerted effort to cover the field in advance of such inquiries.

MR. GREEN: We certainly are, and I will tell you one way that a great deal of information comes in, and that is through our branch offices abroad. These branches are constantly sending to New York reports that they have on concerns investigated for people elsewhere, so that it frequently happens that there is information on file in New York on houses that have never been traders in this country at all. Every office is under instruction to-day to forward reports on houses that in their judgment are big enough and important enough to do business outside of their own country. Of course there are a great many people on whom it would be useless to send reports here.

I want to say just one more thing, and that is, that The Mercantile Agency is as necessary to the business man as the banks. In Buenos Aires our offices are performing the same service for the people there that the office here in Pittsburgh does for the man in Pittsburgh.

MR. A. E. VAN DOREN, Assistant Cashier, Irving National Bank, New York:

It has occurred to me that perhaps those present would like to learn something of the way we have tried to help our local manufacturers and others interested in foreign trade to meet the problem of obtaining credit information regarding merchants located abroad, which has been under discussion this afternoon.

After the outbreak of the war, our foreign exchange business increased to such an extent and we had so much demand for information about merchants located abroad, that we soon found ourselves face to face with the problem of how to supply it, and to supply it quickly. We had the usual mercantile agencies; we also had our correspondents abroad, to whom we might apply for information, but we found it would sometimes mean a lapse of three or four months before we received a response; so we had to take up very seriously the question of how we could get information and get it in time to be of service to our customers. We began to study the sources of such information and on the theory that there are not many merchants in this world that are not known in New York, we developed along a line of personal investigation and inquiry through the export merchants and local manufacturers, with very satisfactory results and we can very often obtain a great deal of information in a very short time. We went further than that and began to establish a sort of a clearing house of the various foreign transactions going through our own hands and we have compiled a record of all those transactions which shows with what people abroad our local merchants are dealing, and so we have established a nucleus by which we can find out where we can get information very quickly about a house listed therein. I think an organization perfected along that line would be of advantage to practically everybody dealing in foreign credits, and recommend the establishment of a central bureau of information.

SECRETARY TREGOE: I shall read Mr. Wyman's paper,

“WHAT EXPORTERS MUST DO TO CONTRIBUTE WHAT IS NECESSARY TO THE DEVELOP- MENT OF A SYSTEM FOR DIRECT FOREIGN CREDIT GRANTING.”

BY

MR. WALTER F. WYMAN,

Manager, Export Department, The Carter's Ink Company, Boston, Mass.

(Author of "Direct Exporting" and "Selling American Goods to the World," member of Foreign Trade Committee, National Association of Manufacturers, and Association of National Advertisers.)

Foreign credit is a means whereby foreign merchants can be secured as *customers* as against their being merely *purchasers*. Foreign credit supplies a vital element in the idea that maker and seller should be *co-partners*. Foreign credit enables the merchant with character and capability to use the maker's capital to complete the familiar three C's—Character, Capability and Capital—which are essential to any business transaction.

This Foreign credit is seen to be, not an excrescence on foreign trade, but a vital, humanizing sales force. It brings to exporting the personal touch, a force which, handled properly, links manufacturer and merchant in the chain of business friendship through the development of a goal of common interest.

There are two important reasons why the exporter should contribute generously to any movement to make the granting of direct foreign credits simpler and safer.

First, because it will increase his net profits.

Second, because it leads to enjoyment.

Profit and enjoyment are certainly fundamentals in every human life. If we can prove these two in any way connected with foreign credits, the minor advantages of a better system need hardly to be considered.

The crucial moment in any mercantile development is not when the customer's pen hesitates over the dotted line of the initial order. The really crucial moment comes when *having bought* and *being again in the market* the buyer decides for or against his new source of supply.

Reorders are the one great goal of credit. Purchases for cash are purchases at auction and no tie of service binds buyer and seller. Credit in foreign selling creates endless opportunities for

service, for profit through service and for nailing the re-order through the credit tie.

It is folly for any man to spend his life in uncongenial work. Lifetimes are measured in terms of happiness. Foreign credits lead to foreign friendships. They encircle the globe not with cold figures of cash sales and meaningless names of cash buyers, but with living, breathing, human friends. May Sun of Shanghai sold on a cash basis remains a Chinaman. Sold on credit, he becomes a friend. You pass through the stages of introduction and acquaintance to friendship.

May Sun, because of your knowledge of him as a credit risk and because of his prompt payments of indebtedness incurred, is infinitely nearer to you than the cash buyer in your own city. Because of your necessary knowledge of his affairs, in thinking of him as a credit risk, you of necessity know more of him and his possibilities as a sales outlet. Knowing more of him, he knows more of you and of your fairness in granting occasional extensions when shipments are delayed in transit and also of your accuracy in draft procedure.

Soon you come to know May Sun well enough so that you receive the friendly touch of an invitation to the wedding of his daughter. He sends you each New Year, across thousands of miles, his best wishes for your success and happiness. So that he may carry out his part in the friendship and so that you may know him better he sends you photographs of his city, his home and his children.

Multiply May Sun by a thousand, change his name to Enrique Gonzales, to Hoffman, to Schlechter, or Laubadie; change the color of skin and creed with every clime and the thousand intimate friendships made possible by foreign credit granting, supply in enjoyment a real reason for co-operation in establishing a better system of foreign credit granting so that these friendships may be increased.

The very first step the exporter must take to contribute to a better system for direct foreign credit granting is mental acquiescence in the need. The exporter must study and recognize the importance to him of better foreign credit facilities. The exporter must *know*, not guess, that such a system will increase his export profits. The exporter must realize through personal investigation that a customer is of far greater value than a purchaser.

The exporter once convinced of the advantage, must recognize that perfection of the system can come only through co-opera-

tion. Co-operation in foreign credit matters is something far more than a haphazard means to eliminate losses. It does not mean merely a central rogues' gallery of the really few crooks making a scant living from over-credulous American manufacturers.

Co-operation in establishing a system for direct foreign credit granting is not the piecing together of minor elements of protection and collection. It is constructive. It aims at increased sales. It looks toward international business friendships. In the last analysis it means America's lasting peace with the world.

Let's assume that it is now 1925.

As exporters you wish to start something in Straits Settlements where you have never sold before. You reach for your dictating machine and start: "Mr. Jones dictating. A letter to the National Foreign Credit Bureau. We wish to become acquainted with profits by selling in Straits Settlements. Kindly send us up-to-date information on the financial situation there, the factors which will influence development in general and our lines in particular. We wish also from your records the half-dozen leading firms in Singapore, Penang and other trade inlets and outlets. These reports naturally will show their credit standing and their record for prompt payment as well as presence or absence of technical and unjust claims on American firms."

"We confess our ignorance of the usual terms applying in the Straits Settlements. Kindly let us know the usual time extended by exporters from the United States, England, Germany and France, mentioning cash discounts and any other details such as forms of drafts.

"You have investigated our age, standing and ability to handle foreign shipments as shown by Certificate No. 2,560, issued by you to us. Based on this, will you kindly write each of the firms whose names you send us? With your letter, kindly enclose a credit report on us so that it will prove of service to them in sizing us up as a desirable source of goods.

"As part of your usual service send us the names of non-competitors who are at present exporting to Straits Settlements so that from them we may learn of the methods they have used successfully in this market."

That is the type of letter we will all write in 1925 as a matter of routine. There will be a Central Bureau of Foreign Credits. It may be Governmental, semi-public, co-operative in profit and

expense, or even established as a private business with co-operative features.

We all, as exporters, will support such a Central Bureau not from sentiment, not from any feeling that "It's a worthy movement," but because it will be practical, prosaic and profitable,—the three P's of sane business.

To establish such a bureau and have it based squarely on practice, not theory, each American exporter must contribute freely on matters now regarded as deep, dark secrets. The American exporter must compete with his brother exporter not in the usual way of co-operative bodies' "open ears and closed mouths," but compete by striving to give more than any other exporter.

It will be easy to collect funds for such a bureau and hard to collect facts, particularly facts which take time to assemble within a business. It rests with us to wish or to act, to applaud the idea or take off our coats and make the 1925 of my dreams possible in 1918.

CHAIRMAN THOMAS: The session is now adjourned.

GROUP SESSION NUMBER TWO

Thursday, January 25, 1917, 4:30 P. M.

"CO-OPERATION IN FOREIGN TRADE"

Chairman, MR. H. C. LEWIS

Treasurer and General Manager, National Paper and Type Co.,
New York City

Secretary, MR. J. A. TROY

Secretary, Foreign Trade Bureau, Chamber of Commerce,
St. Louis, Mo.

CHAIRMAN LEWIS: We have arranged no formal program except as to the delivery of three short papers or addresses. It is desired, most of all, that the Group Session be one of questions and answers. I am going to suggest, first, that any one here that would like to present a question should write it out, and if he can send it up while the addresses are being made, the questions will be read and handled in turn.

In the various plans which have been submitted in the Committee's report, we have presented a number of schemes some of which seem to be a bit contradictory in form. In a large sense I think they are entirely consistent, as there are more possible problems to be met than for which we have presented plans. The plans as a whole, I think, are fairly comprehensive, and from them we trust the needs of almost every group or association can be met.

First, I will ask Mr. Ernst B. Filsinger, author of "Exporting to Latin America," which is one of the best books on foreign trade that has been written, to come forward, and he will address us on the subject of

GOVERNMENTAL CO-ORDINATION OF EXPORT ACTIVITIES

BY

MR. ERNST B. FILSINGER

Foreign Sales Manager, Lawrence & Co., Boston and New York, and
author of "Exporting to Latin America"

The purpose of this brief paper is to lay before the Convention certain suggestions, which, if acted upon, will have a very definite effect in stimulating trade between the United States and other countries. Never before in our history has there been greater need for a more thorough and searching analysis of export trade policies and practices.

As far as the great majority of business men are concerned, most of the discussion relative to exporting is altogether too theoretical. We must, therefore, rid the subject of non-essentials, get down to "bed rock," and frankly determine the most practical means by which we can insure the continued growth of our rapidly increasing foreign commerce.

If we require examples we need turn only to the nations at war. All the combatants have been forced by necessity to develop their means of production to the utmost. They have learned the value, under governmental direction, of highly specialized effort. This lesson will be reflected in their trade methods after peace has again been established. These conditions have been brought about by government aid to private enterprise which has been keyed to the highest pitch of efficiency and mobilized for national service.

If we do not alter our methods to meet the new situation, we shall be in great danger of losing the ground we have won. We must approach the problem with open minds and fearlessly adopt the new policies that have been made necessary. We must turn to the best advantage all the expert knowledge and practical experience that we can command regardless of the quarter in which it is found.

PUBLIC ATTITUDE MUST CHANGE

There must also be a change of attitude on the part of the American public toward our business interests. Wholesale and sweeping condemnation of commercial institutions as such must cease. Our citizens must learn to differentiate between men who are merely

seeking personal advantages and those who offer constructive plans for the common good.

There is a crying need for a more intimate relationship between the United States Government and the commercial interests. This should be patterned after the German system which has so thoroughly proven its efficiency. Business men must, to an increasing degree, be taken into council by the Government. The experience of those who have won success must be made available to the nation.

First, I advocate the creation of an Advisory Council which shall co-operate with the Bureau of Foreign and Domestic Commerce. This Council should consist of twelve or fourteen men, appointed by the President, who have achieved success in various industries. Such an Advisory Council, by making suggestions for the conduct of the Bureau, would greatly increase its efficiency, and enable it to serve the industries more successfully.

Secondly, I suggest that the Bureau of Foreign and Domestic Commerce, under the direction of the Council, be recognized as the leader of foreign trade activities in the United States. Such recognition is essential in order that the Bureau may properly co-ordinate all efforts for export trade development. The old saying that "What is everybody's business is nobody's business" may be applied with particular force to this question. The Bureau, within certain limits, should take official cognizance of many independent units such as export trade organizations, Chambers of Commerce, journals devoted to foreign trade, etc., with all of which reciprocal arrangements should be concluded for the most practical application of co-operative principles.

NON-GOVERNMENTAL CONTRIBUTIONS

Thirdly, I wish very strongly to urge that the Bureau act as a clearing house for the many valuable non-governmental contributions constantly being made to foreign trade practice. There has long been a prejudice against the publication by the Bureau of matter not of official origin. This prejudice must be broken down. Advantage should be taken of private initiative, practical experience, and specialized knowledge, no matter what its source, provided that it is authoritative.

In the fourth place, I must plead for the widest dissemination of the information thus acquired. For this purpose the Bureau should undertake the publication of a new journal. Such a medium,

supplementary to "Commerce Reports," should be a virtual digest of foreign trade lore. A sufficient appropriation for its maintenance should be made by Congress, although a subscription fee could be charged for it as is now done for "Commerce Reports."

As I have pointed out, export trade development to-day has three great needs: The first is leadership; the second, a definite policy; the third, the acquirement and dissemination of all export knowledge available. Leadership logically falls to the Bureau of Foreign and Domestic Commerce, under the direction of an Advisory Council. Being a governmental department, it commands the respect and confidence of all elements of our commercial life. It is inconceivable that any privately constituted body could achieve an equal advantage. The Bureau is admirably fitted to work with all the interests engaged in furthering our export commerce. A high degree of co-operation is already being extended to certain associations, but semi-official recognition of all forms of foreign trade activity is desirable.

A foreign trade policy for the United States can only be formulated by study, investigation and conference with commercial interests generally. In this the Bureau, under the direction of an Advisory Council, should assume leadership. There are many practical questions that should be presented in succinct form to business men through the medium of their trade organizations, local chambers of commerce and export organizations. The various needs of our commercial interests could be best ascertained and most logically pointed out by the Bureau because of its many ramifications. Particular efforts should be made to enlist to an even greater extent than at present the aid of export journals, technical papers, magazines and publications which feature foreign trade topics. Everything should be done to prevent American exporters from working at cross purposes. A consistent policy, typical of our best American methods, should be the natural outcome of this innovation.

WIDENING THE GOVERNMENTAL FIELD

The achievements of the Bureau under the leadership of Dr. Edward E. Pratt have been noteworthy. The Bureau has always been compelled to depend entirely upon our consuls, commercial attachés and special agents for information. Because of long standing custom and tradition to which I have already referred, it has been impossible to utilize the many other sources which could be

drawn upon. It is clear that the Bureau could render even more valuable aid if it were permitted to widen its field.

I cannot too strongly urge that the Bureau be given authority to utilize knowledge and experience wherever and whenever obtainable provided these are found reliable and authoritative. The Bureau would then be a national clearing house for export trade. By way of suggestion, let me point out a few of the possibilities which are open to it.

Newspapers frequently obtain interviews with business men or travelers who return from foreign countries. The facts that they relate are not only interesting but highly important. Their point of view is often one of particular value to exporters and the conditions which they describe may prompt other manufacturers to make efforts to win new markets. Some of the most interesting contributions to foreign trade literature that I have seen were the interviews with our Commercial Attachés obtained by skilled newspaper men; in many cases these were of more absorbing interest than their official reports.

There are magazines which publish important articles by distinguished authorities on export trade affairs. Such contributions could be reproduced, with proper credit, in a properly edited governmental journal. In all probability the same authorities would gladly contribute papers to an official organ. The export trade journals, in their American editions, often publish splendid studies of foreign trade conditions. Certain newspapers, notably those which feature Latin-American conditions, receive letters from reliable correspondents in foreign countries, which are of value to the American exporter. A report need not necessarily be deadly dull in order to warrant consideration by business men. Journals and newspapers published abroad should also be drawn upon.

AVAILABILITY OF PRIVATE EXPERIENCE

When the head of an export house or a large corporation that transacts an extensive international business, can be prevailed upon to discuss an important phase of export trade, his contribution should not be limited to a comparatively small group of readers, but should be copied with due credit and given to the commercial world by a medium enjoying a national circulation among all classes of business men. I maintain that an account of actual experience related by an authority is worth a great deal more than much theory.

I wish also to plead most earnestly for the destruction of an-

other silly prejudice which is provincial in the extreme. It is the prejudice against the use of private names in governmental publications. This appears peculiarly inconsistent when we remember that numerous private corporations and institutions can to-day render the practical service for which government officials have long been asking. It is service that can more quickly help American manufacturers to extend their business in foreign countries than the study of innumerable reports. Just one instance need be recited.

A certain bank has been established for the specific purpose of aiding export trade development. Its organization follows very closely that of Germany's institutions which have done so much for their countrymen. Its services in part are the following:

It conducts a banking business and performs many functions. It makes collections, issues letters of credit, makes transfers of money and exchange in the countries where it operates. It effects sales and purchases of merchandise and products for the account of customers; it introduces American traveling men to the merchants; gives credit information, etc. It also arranges to supervise accounts, makes collections of accounts, and may even accept selling agencies itself, or appoint active and trustworthy firms or individuals to act under its supervision. Besides this, it sometimes supervises local selling agents.

Does it not seem unreasonable for the government to urge the establishment of an institution of this sort and then utterly ignore it? I do not think that business men would consider it very radical if a Government Bureau told them that such aid was available and mentioned the name of the bank. It is generally recognized to-day that an institution performing such functions is in a different category from the ordinary one. Its service should be considered from the standpoint of the benefits which it can confer upon American trade as a whole. Therefore, an announcement of its activity in a government paper would be entirely consistent.

NEW GOVERNMENTAL JOURNAL NEEDED

As a logical result of the policies that I have outlined, a new governmental journal should be founded. This publication would be virtually a digest of the information acquired by the Bureau in its capacity as a national clearing house. At first, it might be issued only once or twice a week. It should be carefully and ably edited. From the typographical standpoint it should be most attractive in order to insure the widest reading. It might even be illustrated.

I believe that out of this departure would come a demand from American business firms for a change in the appearance of "Commerce Reports." I cannot conceive why we should not insist upon having presented to us in the most readable form the important information now contained in that publication. With the proper headlines, sub-heads and re-arrangement, the contents could be far more quickly grasped. I am willing to venture that by making it more attractive the circulation of "Commerce Reports" could be greatly increased.

In advocating the changes that I have suggested, I do so with the knowledge that not only Doctor Pratt, but every one of his loyal assistants in the Bureau, would gladly supply to American business men the things for which they ask. Their reluctance to make a sweeping change in policy can be easily accounted for. Like all governmental officials, they must be extremely cautious, but once they know that certain changes are desired by America's commercial interests, they will find the means and the methods of accomplishing them.

CHAIRMAN LEWIS: Now, to get these questions and answers started, I am going to suggest for consideration a little later the matter of co-operation with the government, if it is going to co-operate with us. While this meeting is on the main subject of co-operation, might it not be well to have some of our articles, interviews in newspapers and in magazines censored? Some of them are pretty bad, as a good many of us know, and if we could have a change in the character of a few of them, we could have a better chance for American commerce. Then there is the other question of whether it is the proper co-operation on the part of the Government to publish all the information it gets for the benefit of European competitors, as well as the people of our own country, and that opens up even a wider scope. I do not understand that the European governments make public generally the results of their investigations.

Mr. Fred R. Drake, of the National Wholesale Grocers' Association, and member of the Executive Committee of the American Metric Association, will speak on "The Metric System in Foreign and Domestic Trade." That is a very vital question.

“THE METRIC SYSTEM IN FOREIGN AND DOMESTIC TRADE”

BY

MR. FRED R. DRAKE,

Member Executive Committee, American Metric Association, Easton, Pa.

The National Wholesale Grocers' Association of the United States, with eleven hundred members in the forty-eight states of the Union, bids me extend to you cordial greetings and express their appreciation of the honor you have done us in asking us to report on our work on the Metric System, to this Fourth National Foreign Trade Convention, for our members are much interested in export trade in foodstuffs. Our Association is now in its eleventh year, and was organized at Buffalo in 1906 to advance the welfare of the wholesale grocery trade.

We are much interested in the Metric System, and are in favor of its adoption for both foreign and domestic trade; and, as we are the pioneer organization in the commercial field, we believe our activities along this line will prove of more interest to you than arguments in favor of the adoption of the Metric System, for we take it for granted that the majority of this audience is favorable to the adoption of the Metric System for use in export trade, even though some of you may not agree with our ideas as to compulsion. In fact, the American Metric Association, of which our Association is a member, does not take our advanced position with regard to full compulsion under law.

In 1912, at our St. Louis Convention, we began a campaign of education on the Metric System, looking to its eventual compulsory adoption by congressional enactment as soon as the electorate could be educated to a knowledge of its desirability. This work has been carried on under the direction of our Pure Food and Legislative Committee by a sub-committee on Metric System. Of this latter committee I have had the honor and pleasure of being chairman.

STARTING AN EDUCATIONAL CAMPAIGN

In 1912 many of our members were not fully informed as to the exact status of the Metric System in the United States; and, before beginning our campaign of education, our committee undertook an exhaustive examination of literature on the subject as well

as an investigation of the practical working of the system in some of the countries which had adopted it. It is doubtless known to many of you that a mere bibliography of works on the Metric System would make an ordinary volume. This investigation of our committee, of works unfavorable as well as favorable to the system, led us to get enthusiastically back of an educational propaganda favorable to its eventual compulsory adoption, and this we have kept up by every means at our limited disposal.

Our Executive Committee strongly supported our Metric Committee, and our Association, in annual meeting assembled each year, has reaffirmed its position favorable to its adoption for all purposes in the United States. I believe it is true that, while scientific bodies for over forty years have passed resolutions favorable to the adoption of the Metric System, the National Wholesale Grocers' Association was the first commercial body of national proportions to openly advocate its use and compulsory adoption for all purposes. Our committee prepared and made addresses before various organizations, and before meetings of Wholesale Grocers' Associations in the different states; and, where impossible to appear ourselves, we had the subject presented and explained to the Committees on Resolutions, and resolutions favorable to our campaign were presented and adopted.

The Retail Grocers' Association of the United States also has passed resolutions favorable to our work. Many retail grocers are foreign-born, and were educated at home in the Metric System, and they are enthusiastically in favor of its adoption here by reason of its known simplicity to them. This is true of many wholesale grocers also.

ENDORSEMENTS BY ORGANIZATIONS

In addition, our campaign has been endorsed by the Wholesale Grocers' Associations of New England, New York, New Jersey, Pennsylvania, Delaware, Maryland, West Virginia, Ohio, Indiana, Michigan, Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, North Dakota, Colorado, New Mexico, Arizona, California and Oregon; by the National Conference of Food, Dairy and Drug Officials; the National Conference on Weights and Measures for the United States; the National Cannery Association; the National Association of Wholesale Druggists; the National Association of Retail Druggists; the American Chemical Society; the American

Pharmaceutical Association; the American Association for the Advancement of Science, and other affiliated scientific societies.

In 1913 our committee visited the International Bureau of Weights and Measures at Sevres, France, and had a very interesting conference with Dr. Benoit, the director; and since that time have been exchanging publications with them, as well as with the Decimal Association of Great Britain, advocating the Metric System there.

We have re-printed and distributed to our members many addresses and articles, and furnished the Decimal Association of Great Britain 3,000 of our re-prints of the article on the Metric System that appeared November, 1914, in the *Nation's Business*, published monthly by the Chamber of Commerce of the United States.

FAMILIARIZING THE CONSUMER

At our Minneapolis meeting in 1914 we passed the following resolution:

"With the idea of familiarizing the consumer with the Metric System, we urge all our members to request manufacturers, with whom they deal, to use the metric equivalents on all new labels, in addition to the English weights and measures, and urge our members to follow the same practice where they are using labels on their private brands as permitted under Food Inspection Decision No. 154, which reads: 'Provided that by like method such statements may be in terms of metric weight or measure,' believing that the constant sight of the metric equivalents on food products in the millions of homes where they go, will have great influence toward awakening interest in, and educating the consumer to a better knowledge of the Metric System."

Following the issue of Food Inspection Decision No. 163, early last year, our committee last March issued a letter to our members enclosing a card of metric equivalents in connection with the weights of canned goods in the English system, and also Circular No. 47 published by the Bureau of Standards, containing tables of equivalents capable of converting every possible avoirdupois weight or English measure into its metric equivalent, and vice versa, together with full explanation of its use. In addition we distributed

to our members at the same time Senate Document No. 241, containing the report prepared by Dr. Samuel W. Stratton, Director of the Bureau of Standards, at the request of the Secretary of the Treasury, Mr. McAdoo, for the use of the International High Commission on uniformity of laws. This report relates to the Metric System in export trade, and proved to be one of the most interesting contributions to metric literature of the year, particularly so to all members of the National Foreign Trade Convention.

Interest in the label question referred to above is not confined to wholesale grocers. We have taken this matter up with the American Specialty Manufacturers' Association in our conferences with them, and are receiving requests for our canned goods equivalents list sent out with our March letter.

The Secretary of the National Cannery Association, Mr. Frank E. Gorrell, has advised us that their Association will co-operate with us on the label question in consonance with their attitude favorable to our campaign of education on the Metric System.

PRACTICAL EXAMPLES

We herewith submit exhibits of our Canned Goods Weight Cards with Metric Equivalents; Circular No. 47 of the Bureau of Standards, containing conversion tables from Metric to English system, and vice-versa; Senate Document No. 241, "The Metric System in Export Trade," by Dr. Samuel W. Stratton; a rice carton with metric equivalent in addition to the English weight; a flour bag showing both weights; a one-pound coffee bag with Metric equivalent; also labels of wholesale grocers, showing same thing for corn, peas, green string beans, lima beans, beans with tomato sauce, beans with pork, tomatoes, pumpkin, strawberries, raspberries, oysters.

From these you will see that we have the Metric System in practical use, ready for export trade, and domestic trade as well, where the Metric System is known and more familiar than the English system; and, in addition, we believe these labels will have great educational value along with the educational campaign we are conducting in the newspapers, magazines and by every means of publicity possible.

The use of the Metric System in the last edition of the *United States Pharmacopeia* is one more step in advance in the eventual general use of the metric System in the United States.

Since our campaign opened many advances have been made.

The International Carat—standardized at 200 milligrams, replacing the many valued, highly ambiguous “Carat” heretofore used in many lands—is one of them.

WAR HAS HELPED

The present war in Europe and American World Trade Expansion has helped the metric propaganda by years, undoubtedly. The contact of England and her Colonies with the Allies is bound to have its effect on not only the officers and men, but the government at home; and the unity of action in war is bound to have its effect after peace is declared. England is showing many signs of giving up her arbitrary attitude in world trade, and this is shown to be more necessary as the war progresses.

We believe that the adoption of the Metric System by Germany, embodying as it did the casting aside of many traditions for the sake of efficiency, has had a great deal to do with the wonderful success of Germany as a world commercial power. The change, at the time she made it, was a much more radical one for Germany than the change for the United States would be now, for we are already using it in many branches of the scientific lines and commercial life.

We believe it is not generally realized by the public that the Federal Government has enacted practically no weights and measures legislation, but has left the question entirely to the States. Even the pound, yard, gallon and bushel have never been adopted by Congress, but owe their standing to the fact that the government uses them in the collection of revenue and to the fact that they have voluntarily been adopted by the States.

Just as was the National Pure Food and Drugs Act of 1906 with its amendments necessary to harmonize and make effective legislation on food and drugs, so is there necessity for a National Weights and Measures Law. The National Wholesale Grocers' Association believes the system of weights and measures enacted into law should be the International Metric System in simplification not only of our international transactions now grown so enormous, but of our wonderful interstate commerce, where the amount of time, labor and annoyance saved would be almost incalculable.

We are entering into no great argument with this audience with regard to the merits of the Metric System, as we felt sure this would be unnecessary; however, we venture to assert, and feel assured from our own experience, that the change would make no

greater charge on, or disturbance of business than has food legislation during the past ten years, and certainly nothing like as much care and anxiety.

FIFTIETH LEGALIZATION ANNIVERSARY

This is the fiftieth anniversary year of its legalization by the 39th Congress in 1866. France was just about fifty years in making it compulsory there. It is time for the United States to make it compulsory here.

To quote from our committee's last annual report adopted by the tenth annual meeting held in Boston last June: "We reiterate, that the attitude of the National Wholesale Grocers' Association of the United States is, that if there is a better system of weights and measures than we are using we want to know about it, and further, we believe that the Metric System is a better system than the one we have; and, knowing there is something better, we want to see its adoption made compulsory by congressional enactment at just the earliest moment commensurate with the demands of the electorate educated to its real value.

"We urge the approval of the formation of an association whose object shall be to forward the Metric System propaganda in the United States by both educational and legislative means, and favor giving such an association our active and financial support."

With this attitude of our Association before us, we joined enthusiastically in the call for a metric conference that was held during the seventieth meeting of the American Association for the Advancement of Science, under the auspices of Section I, Social and Economic Science, December 27th last, at Columbia University, New York City. Delegates were present from the national associations of wholesale grocers, wholesale and retail druggists, chemists, mining and electrical engineers, food and dairy officials, the Philadelphia Bourse and the Philadelphia Commercial Museum, as well as individuals interested in the Metric System. Following this conference held in the morning, there was organized in the afternoon the American Metric Association, whose object is to further the use and adoption of the International Metric System in the United States, the international language of weights and measures. There are three classes of membership: individuals, whose dues shall be not less than two dollars per year; firms or corporations, whose dues shall be not less than five dollars; and organizations, whose dues shall be not less than ten dollars per year.

PERSONNEL OF ORGANIZATION

The officers are: President, GEORGE F. KUNZ, 405 Fifth Avenue, New York; First Vice-President, WM. JAY SCHIEFFELIN, 170 William Street, New York; Second Vice-President, EMIL P. ALBRECHT, Sec'y Philadelphia Bourse, Phila., Pa.; Third Vice-President, O. E. STANLEY, Portland, Oregon; Treasurer, ARTHUR P. WILLIAMS, 56 Hudson Street, New York; Secretary, HOWARD RICHARDS, JR., 156 Fifth Avenue, New York; Executive Committee, H. V. ARNY, 115 West 68th Street, New York; S. W. STRATTON, Bureau of Standards, Washington, D. C.; FRED R. DRAKE, Easton, Pa.; A. E. KENNELLY, Massachusetts Institute Technology; A. E. KENNELLY, Massachusetts Institute Technology, Boston; W. P. WILSON, The Commercial Museum, Philadelphia, Pa. As a member of the Executive Committee of this organization, and its delegate here, I want to extend a cordial invitation to every delegate to this convention to join this association and assure all firms and organizations of a warm welcome. We are just in our infancy, and need members and money to carry on the work; and there is a lot of it to be done. The only person receiving compensation now is our stenographer; we should have an executive secretary, but at present we are not in sufficient funds to carry this out.

The desirability of keeping the reform of our antiquated system of weights and measures constantly before the people is unquestioned, for nothing affects our daily life and intercourse more deeply than our system of weights and measures.

We are using the Metric System so largely now that no other system is thought of in replacement of our present system and its adoption by the rest of the world, save ourselves and the British Empire, makes its adoption by us obligatory sooner or later.

We want the active moral and financial support of the Foreign Trade Council and of this Fourth National Foreign Trade Convention in support of the work of the American Metric Association and trust we may have it in "full measure."

THEODORE H. LUNDE, President, American Industrial Company, Chicago, Illinois: Mr. Chairman, is it desirable that we speak on the subject? I do not merely wish to ask a question.

CHAIRMAN LEWIS: Yes, certainly; we are inviting questions.

MR. LUNDE: When the metric movement began in Europe, during the 70's, the government of Norway enacted a compulsory

law, I think in 1871, or 1872, and we were given three years in which to adjust ourselves to the new system.

I traveled through the country a few years later, and found that even in the remotest mountain districts of Norway people had adjusted themselves to it; as exemplified by old women entering the stores and asking for a hectogram of this, or a litre of that.

If we could compute the saving in pencils, paper, and time in figuring alone, it would be stupendous. I was, myself, a clerk, at the time, and it was a revelation to me, when I commenced to use the new system.

This law has been on the statute books of the U. S. since 1866, while the Norwegians were given only three years in which to conform to the new system. We did it because we had to. There was no opposition, however, because we had unlimited confidence in our government, and knew that it would not force anything on the nation that was not for its benefit. [Laughter.]

The metric system has a double value. One is the intrinsic value inherent in the system by its ready divisibility; the other is the value that accrues from the co-operative use of it. Formerly we had to convert French, Russian, English and German weights and measures into our own equivalents, and then take the value of the goods and do the same thing,—a double process. The former has been done away with; the latter at least in the three Scandinavian countries where money is of uniform value and denomination.

MR. J. F. FOWLER, Vice-President, W. R. Grace & Co., New York: Mr. Chairman, I would like to ask for approval by this meeting of the suggestions made by Mr. Drake. By double marking, in that fashion, there would not be the danger of confusion in our home trade that would arise if we were to change suddenly and arbitrarily from our present method to metric only. At the same time the double marking would educate our own people to understand the metric system, and certainly the latter would be very helpful in our foreign trade. I would like to recommend the adoption of that report.

CHAIRMAN LEWIS: Unless there is opposition to that, the report of this Group Session will approve of it. It is not the purpose generally to have motions put. Unless there is opposition, we will assume that the meeting approves.

MR. LUNDE: Mr. Chairman, why not make it an effective approval of the system, an endorsement of the system?

CHAIRMAN LEWIS: We shall, in our report, unless opposition develops, and there hasn't been any yet.

The following question has been presented for discussion by Mr. J. W. Morrison, Secretary and Treasurer of the Lexington Mills Company, Lexington, Kentucky:

Would it be possible to have some discussion of plans looking toward the recovery of export trade in flour? This is a subject in which the railroads and steamship lines are interested on account of a lower rate of freight having been applied to wheat than to flour, thus giving the foreign miller an advantage the American miller has been unable to overcome.

If there can be a very brief discussion in response to that question, we shall be very glad to have it.

MR. MARK MENNEL, Harter Milling Company, Toledo, Ohio, representing the Millers' National Federation:

Mr. Chairman, the Federation I represent carries in its membership practically all the small and large flour mills in the United States. The flour miller for one hundred and fifty years has been exporting, an intelligent exporter. The millers have been at Washington many times in an effort to save their export trade. The discussions to-day have been more or less general for the acquiring of export trade and nothing suggested for the preservation of export trade. It would seem to me that it would be in the province of this Group discussion to consider somewhat the details that apply to the service after the trade is secured, and by the service I mean the domestic service. The railroads of the United States have within the past two years taken many steps to discourage the exporting of flour and of many other commodities. Why could not we take some action on that? There has always been a preferential rate for export, and it is now the purpose of the Interstate Commerce Commission to raise the rates on export to those of a domestic basis, and there is popular acclaim of that principle by many of the Chambers of Commerce and industrial organizations in the United States, claiming that it ties up cars at seaboard, etc. There has been a popular approval of the reduction of free service at seaboard and the increase of demurrage charges, shippers feeling that this would release cars and help them. We cannot have that policy and extend our export trade.

CHAIRMAN LEWIS: May I interrupt to say, has that been only in the last two years, or was it previous?

MR. MENNEL: It has been in the last two years.

CHAIRMAN LEWIS: Since the car shortage has been serious?

MR. MENNEL: Yes. It has come to a head, yet the tendency has been that way for ten years. The export trade in flour has been one of the largest export trades of the United States, but it is declining because, although it was growing under normal conditions, under these abnormal conditions it is being discouraged. It is true the ocean carriers provided a lower rate on grain than on flour on account of the availability of grain. The millers of the United States started a conference committee with the ocean carriers' committee representing the owners on the Atlantic Coast, and this conference committee was working out the problems, but the war upset that committee and those meetings were discontinued.

Now, it would seem that this Council ought to consider the matter of service in export, and also in that line consider the growing feeling that the railroads should be allowed to charge more demurrage and reduce free time at seaboard, and adopt all such methods, in order to secure temporary relief of car shortage. I daresay that perhaps the majority of men in this room have favored perhaps the policy of the railroads in increasing demurrage charges and eliminating free services. That is a popular thing. But we must consider the matter of interior service, for it is the most important factor in the general export trade.

MR. H. H. BISHOP, Secretary, Wrapping Paper Manufacturers' Association, American Paper & Pulp Association, New York, N. Y.: It seems to me that where a body has had experience in exporting, as the millers have, the incidental problems that come to them can be solved by themselves. There must be many men in this room who, like ourselves, are amateurs, and we came here to find out something. I should like very much to have the report on "Suggested Methods of Co-operation" taken up as promptly as possible.

CHAIRMAN LEWIS: If the report of the Committee is read, I think it will give a great deal of information on possible methods of co-operation. The Committee has tried to cover about all the needs it could think of. On those individual reports we should be very glad indeed to have specific questions. Now we have two questions which have been submitted:

One is, "How is co-operation going to be obtained for the benefit of foreign trade among individual units that are fiercely competitive at home," and "May a co-operative body for foreign activity be formed at home, or must it originate abroad?"

I will ask Mr. E. P. Thomas, President of the United States Steel Products Company, to answer the following questions:

"How is co-operation going to be obtained for the benefit of foreign trade among industrial units that are fiercely competitive at home?"

MR. E. P. THOMAS, President, U. S. Steel Products Co.; member National Foreign Trade Council, New York City: Mr. Chairman and Gentlemen: This question would presuppose the passage of the Webb Bill, as obviously there is some question, under the present anti-trust laws, as to the possibility of competing units co-operating at the present time. The question, I believe, however, would best be answered by a reading of the Webb Bill, which, in Section 2, states that nothing in the Anti-Trust Act, which it describes, shall be construed as declaring to be illegal an association entered into for the sole purpose of engaging in export trade. The intention of the bill, as I understand it, is to prohibit the co-operation, in the domestic market, of competitors, and to compel the organization, for the conducting of export business exclusively, of an independent autonomous association to be divorced entirely from all domestic business, which must continue to be competitive; and such an association, when legalized by the passage of the Webb Bill, can then proceed to act as an independent organization for the conducting of export business on behalf of all the members composing it, notwithstanding that these members may be, as the question states, fiercely competitive in the domestic trade.

CHAIRMAN LEWIS: The second question is, "May a co-operative body for foreign activity be formed at home, or must it originate abroad?"

MR. THOMAS: I believe that my reply to the first question also answers this one. That is to say, that with the passage of the Webb Bill, such a co-operative body will be legalized and may, therefore, be formed at home.

CHAIRMAN LEWIS: Another question has been presented: "What are the essential points making for the success of the German or other co-operative organizations among the competitive manufacturers?"

MR. E. H. HUXLEY, President, U. S. Rubber Export Co., Ltd., New York City: Mr. Chairman, I assume that what is meant by the question is not a direct selling organization or a co-operative organization formed for the purpose of directly engaging in the distribution of products, but rather an association of companies or sales

organizations which come together for the purpose of mutual benefit and for the purpose of formulating such rules of procedure as would eliminate the ordinary abuses of highly competitive trade, and enable some sort of profitable operation. Also that it might be intended that the associations referred to should be concerned in the buying of raw materials. In other words, more on the nature of the German cartel system, but not necessarily such a co-operative selling unit, as has been discussed in the committee report. If that is the purpose of the question, I should say that the single uncertainty would be opposition by the Government, and that the essential feature of the success,—in fact, the essential feature of the very existence of those associations,—is Government consent and even Government encouragement. If our own Government would even only remove its objections, would let us alone and let us go ahead on the lines of our own initiative, I think that associations of that nature would spring up very quickly and could very easily be made highly effective.

Assuming, therefore, that the real essential objection, or rather the real essential obstacle to such associations in this country, is Government opposition, and that the essential of their success abroad is absence of such opposition and the encouragement of the government, it then becomes only a question of the local organization adopting a proper constitution and rules of procedure for such a collection of manufacturers and sales organizations, the purpose being to prevent abuses and maintain some sort of uniformity of procedure.

Taking up the case of such a body, I should say that it must first be fully legal and that it must have a definite purpose, a definite constitution, and a definite series of by-laws, or rules of procedure, and that if it went so far, for example, as to undertake the fixing of a price or the distribution of orders, commonly known with us as "pools," it must then also be possessed of punitive ability in some such way as the assessing of fines for the infraction of its rules, or some method of expulsion, perhaps, if the members did not observe the rules that had been adopted. It does not seem to me that it would be difficult, in the absence of Government opposition, for a number of manufacturers or a group of foreign selling organizations, either in competitive or in non-competitive lines, to get together and form an association for mutual benefit. A most important and possibly essential feature, however, of most foreign organizations or associations of the nature referred to, is the com-

pleteness with which a transaction can be carried out, from the actual taking of an order to the actual receipt on the part of the customer of the goods, by a single association or number of associations formed for the purpose. I refer particularly to the fact that both in England and Germany, where such associations have been most successful, two or more such associations work together for the common benefit of the manufacturer. Take the matter of shipping: if it appears that in order to meet local competition in a foreign field, special rates are necessary, it is quite common for an association of manufacturers, or even for an individual member of such an association, to go to a conference or association of ship-owners or shipping lines and, after presenting the case, to secure special rates to enable competition. So long as this country is dependent upon foreign bottoms for shipping its wares, it will be in a position of weakness and the ability to purchase raw materials co-operatively, manufacture them co-operatively, sell them co-operatively and ship them co-operatively is essential and each co-operative unit must be of the same nationality or country.

CHAIRMAN LEWIS: Mr. Donovan, can you say a word on that?

MR. J. J. DONOVAN, Vice-President, Bloedel-Donovan Lumber Mills, Bellingham, Washington. Mr. Chairman: As I listened to the discussion of these papers, two things have come to my mind, one the point raised by Mr. Mennel in regard to transportation, which, after all, is, you may say, the foundation on which our foreign trade rests. Unless we have more American ships at sea and promise of greater co-operation between the American railroads and those steamships, we are not going to get our foreign business on a very sound basis, except for the corporations or manufacturers which are located directly on the seashore. For a city like Pittsburgh, or any interior city, Chicago, or any of the great manufacturing centers, it seems to me very vital that there should be a changed attitude on the part of our government and the Interstate Commerce Commission. I am fairly familiar with the development of the west, and Mr. James J. Hill was the greatest man we had in transportation in the west. He built, as you know, the Great Northern Railroad, without government subsidy and he developed the whole northern section of the United States. Having built that road, he had a vision of opening up the oriental trade by means of American ships, and had built in Connecticut two great ships, at the time much the largest of combination cargo and passenger, because they had fine passen-

ger accommodations, that flew the American flag,—the *Minnesota* and the *Dakota*. They had hardly begun to develop the business when questions were raised as to the right of the railroad company to name a through rate from eastern points to oriental points, where the sum of those rates should be less than the local rate to Pacific Coast ports plus the rate charged by the steamships from those ports to the oriental ports. I trust I make myself clear. The matter was finally passed upon by the Interstate Commerce Commission and they denied the right of the combined companies—the greater part or all of the stock of the steamship company was owned by the Great Northern Railway—to make these through rates. That was the hardest blow that was ever given to the export trade of the United States on the Pacific Coast, and when the *Dakota* was wrecked on the shores of Japan, it was said that there was joy in the Great Northern offices because a regular monthly deficit was removed. She was not replaced, and some year and a half ago the *Minnesota*, the other great ship, was sold by the Great Northern Steamship Company, and the Great Northern Railway Company now handles all their oriental business simply by turning it over to the Japanese steamships at Seattle, and there are no oriental vessels now sailing out of the port of Seattle except those that fly the flag of Japan. That is one thing which has happened that has come under my own observation. It was wrong that this should happen. It was the direct opposite of the policy of Germany, who has built up her trade the world over, and unless we can in some way correct that position of the governmental officers, we are not going to get very far in what we are trying to do. The opposition is not creditable to the intelligence, either of the American people or the American government, as I see it.

Now, the other thing will be a very brief explanation on the matter of our combination on the Pacific Coast, which I did explain before the main gathering this afternoon. I skipped about half of my discussion because of lack of time, but the fact is that a combination has been made of manufacturers who had been fighting each other bitterly, who had been losing money, and who had been subjected to the fiercest kind of competition, and it is working out beautifully and at the same time those very manufacturers in the domestic trade are still competing fiercely, and are not making much money, but the foreign trade has been taken care of by the combination. It has been in effect for three months, the price has been stabilized, and I think there is practically no opposition. We

have ninety per cent of the export sawmills of the Pacific Coast in the Douglas Fir Exploitation and Export Company, with the full approval of at least three branches of the Government, and perhaps in closing I might say that the income is limited to a commission of $2\frac{1}{2}$ per cent of the selling price of the mill. The possible dividends of this company are limited to seven per cent of the capital. The capital is \$200,000.00. The stock may be held by trustees, and in any event it is made impossible for any one interest or combination of affiliated interests to have control of the management. The primary object and purpose of this corporation being to exploit and increase the foreign export business in Douglas Fir and other Pacific Coast forest products, it is provided that no person other than one actually engaged in the manufacture of lumber on the Pacific Coast shall be eligible to subscribe for or become at any time a stockholder in this corporation, and the by-laws of this corporation may provide that all of the stock owned by the stockholders herein, other than one share each to be held by the trustee of this corporation, may be held in trust by a trustee whose power to sell and dispose of such capital stock so held in trust shall be limited to sales thereof to legitimate manufacturers of lumber on the Pacific Coast only, and such sales shall be further restricted so that no one manufacturer, individually or through affiliated interests, shall ever become a majority owner or holder, or be able to exercise a dominating control of the capital stock of this corporation.

CHAIRMAN LEWIS: Let me say, the purpose of this discussion is the suggested methods of co-operation in foreign trade. We should confine ourselves to that just as much as possible, and we are assuming in that that the Webb Bill is going to be passed.

I want to say, in reply to Mr. Bishop's suggestion, that in the plans which the committee have presented and which are printed, having some interest in the paper business myself, we have drawn up a plan for paper manufacturers and pulp manufacturers; one which I think might be applied to that industry, and I think as a matter of fact there are two plans there which might be used.

Here is a question which I will answer, because it can be answered immediately.

"Do not the nations, to meet whose competition the Webb Bill was formulated, have laws permitting combinations in domestic trade?"

No; most of them do not. They have anti-trust laws to which

their domestic corporations are obliged to comply. They are permitted to combine, co-operate, do about what they please in foreign trade, with government encouragement and support, and in some cases government compulsion, where they are to a greater or less degree, and it is generally less, controlled in their domestic business.

The other question is:

"Is the Webb Bill consistent in law and theory with our present anti-trust laws and our tariff laws?"

I think the answer to that is simple. Abroad combinations are permitted and encouraged by foreign governments. At home we are controlled by laws forbidding combinations. All we are asking is permission to do abroad what our competitors are allowed to do. Does that answer the gentleman's question?

I will now ask Mr. Mears, of the Bureau of Foreign and Domestic Commerce, to answer a question which I sent down. He will read the question, please.

MR. ELIOT GRINNELL MEARS, New York City Division of Commercial Agents, Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C.:

Mr. Chairman, this question was handed to me:

"Many firms or manufacturers are able to handle domestic business efficiently, but are not familiar with the requirements for packing, billing, routing, marking, etc., for foreign shipments. Why not have a department of the Foreign Trade Council for the dissemination of this knowledge?"

The chief objection, as I see, to the creation of such a department or committee, is that it would result in duplication. This information is now compiled by the Bureau of Foreign and Domestic Commerce in the Division of Foreign Tariffs which keeps an up-to-date record of tariffs, embargoes, custom regulations, etc., of different countries. Moreover, there are numerous publications of the tariff division which can be secured by applying to the Bureau of Foreign and Domestic Commerce at Washington for a purely nominal sum.

I believe, moreover, that the National Foreign Trade Council would not be interested in these matters, which can be handled more logically by the Government. It is a stock objection to our manner of carrying on foreign trade that we do not mark properly, bill properly, route correctly, etc. You would be interested to read the English trade journals and discover the same stock objections there

to the manner in which the English carry on their trade. I think on the whole that the American concerns which have been in business for several years carry on their business ably and know how to conduct their foreign trade as well as firms of any country.

MR. HUXLEY: Mr. Chairman, I would like to say just one word more. It has occurred to me it might be that some one who is interested and anxious to engage in foreign trade and who intended to do so, would defer any definite action because the Webb Bill has not been enacted into law or because there was no definite assurance that it would be. It seems to me that the point ought to be brought out that there is a great deal that could be done legally at this time. The important thing is to get a man on the job in foreign fields. You cannot do very much in any other way, but if you have got a man in the field, then you have made a start, and that is a very important thing. I think it would be a pity if any one should defer action at the present time merely because the Webb Bill has not been enacted into law. A great deal can be done under the conditions that exist now and the conditions that confront us. It would be a pity to postpone any definite action merely because we thought a little later the conditions might be somewhat better. The big thing is to get on the job right away.

CHAIRMAN LEWIS: I might say a word here that might save a little time. Will you please read the plans, that commencing on page 17, the second on page 21, and the third on page 22, in the reports which have been distributed. There are five or six plans which have been worked out with great care, and with the exception of one, we believe them to be absolutely legal to-day. If the Webb Bill is passed, the other is legal, the last one, which is Mr. Donovan's excellent paper, and which we believe, as he does, is entirely legal; but as there is a two per cent doubt, the committee has not signed that report. This plan is added to its report after the signatures. These reports, worked out with a good deal of care, and a great expenditure of time, plan for co-operative selling for large and small groups and combinations, and we would like very much to have them read and questions asked.

MR. FRANK H. TAYLOR, President, The S. S. White Dental Manufacturing Company, Philadelphia, Pa., representing the American Manufacturers' Export Association; member National Foreign Trade Council:

The first question is, "What benefits will the smaller exporters derive from the Webb Bill, and how?"

It is asked what advantage will the small exporter derive? The right of legally joining his efforts and resources with others in competing on allied lines for the carrying on of foreign selling methods which might be too costly for the individuals. Such associations of effort should render easier of solution certain problems of credit extension, adaptation of product to foreign market introduction and demonstration of technical products, etc., of which much has been heard here.

The second question, "What opportunity does the bill provide for smaller exporters' representation in the body created by the bill," apparently is based on a mistaken apprehension of the provisions of the measure. The bill creates no body. It merely permissively establishes the legality of any association organized "solely for export trade" which does not unreasonably retain trade within the United States or unfairly compete against others engaged in export trade from the United States.

Smaller exporters or any others can equally take advantage of the right of association thus permitted by forming whatever export organization their circumstances require within the limitations of the proposed law. And they are fully and completely to be protected from unfair competition by any other association to which they may not belong but which is engaged in the same trade. The details are all set forth in the report of the Council submitted in the general session this afternoon.

The benefit to the country as a whole is also demonstrated in the report. We all agree that foreign trade is a benefit to the nation. The Webb Bill by placing our exporters on an equal footing with our competitors will stimulate export trade. It is designed to prevent the unequal situation in which before the war, combinations of foreign buyers by playing American producers against each other were able to depress the prices of the product of American labor and enterprise sold abroad. And it will enable exporters by association to reduce the expense and increase the efficiency of foreign selling of the manufactures of a greater number of industries of moderate size than now participate in foreign trade. This should permit a wide distribution of the benefits of foreign trade. The more factories with a portion of this production sold abroad, the more workmen will remain employed during recurring periods of domestic depression.

The next question is, "What will be the retroactive effect upon us if the bill fails to carry commensurate benefits to our cus-

tomers in foreign lands?" The export associations authorized will thereby be given no domination over any foreign market. They will have to compete with foreign rivals. The only difference will be that instead of destructively competing among themselves American interests may present a united front to the united competition of foreign rivals. Such export associations can not oppress the consumers of foreign countries because such consumers are protected fully by anti-trust and anti-monopoly laws of their own devising. It is more likely that the foreign purchaser as well as the American exporter will be benefited by the higher development of the trade.

My experience as a traveler,—I had better just say that I did manage a business in England, and was the president of a company in France,—a trading company; that I have sold goods from Mexico to Moscow, and right successfully; and that I am now engaged in a business in which at least one-third of its sales are export, and that they reach every part of the world. All these things mean to me that there are places in America where there is a genius for doing something that is worth while. American genius has produced certain things and the world wants them. There are difficulties in getting around this great world by one individual. There is no wholesale way to get the business or to overcome all the difficulties in the way. A patient, determined beginning is the next step.

MR. WM. C. COFFIN, Vice-President and Sales Manager, Knox Pressed and Welded Steel Co., Pittsburgh, Pa.:

I have been engaged in the export business in connection with a large domestic trade for many years. I have sold goods in England, Ireland, Scotland, Holland, West Indies, Mexico, South America, South Africa, China and Japan. I believe I can make a practical suggestion for the smaller manufacturer which will point a way for him to get into the export trade economically. If a number of manufacturers in different, but at the same time allied lines, will get together and form an association or a Company, they can engage a representative and send him into the field which they would pick out as the best one to start on. The small manufacturer that could not be justified in either going himself or sending an agent, could well afford to pay 10% of the expense.

Let me make this suggestion even more concrete. There are a great many manufacturers of steel construction usually called bridge shops, although they make more steel buildings than bridges.

Suppose one of these manufacturers wants to enter the export field but cannot afford to do so except co-operatively. He should arrange with other manufacturers such as builders of traveling cranes, as many buildings require these cranes, also with a manufacturer of roofing and sheeting, a manufacturer of sky lights, of metal sash, etc. Each one of these lines of trade fits in towards completing an equipment that many purchasers will require, and almost any clever agent can soon acquaint himself sufficiently with the details of the different lines to represent them all fairly.

It is quite immaterial what line of trade you pick out as an instance, for there are always kindred trades that can be associated together. All that is necessary is for some one with initiative to give a little time to organizing the association or company.

CHAIRMAN LEWIS: May I say now that opportunity will be given delegates interested in related lines to get together at this Convention if they desire? Notice of a meeting, if it is desired to call one, can be posted on the bulletin board, if Mr. Patchin, the secretary, is advised; and arrangements will be made for a meeting place.

MR. MENNEL: Mr. Chairman, can I elaborate a little on the plan that is in operation on the sale of flour abroad?

Some years ago there was organized by the flour millers a plan that simply took care of the service necessary, and it was then up to each miller, large or small, to secure business by correspondence or by cable, because it was found that no one could afford the expense of salesmen. But this bureau was organized with headquarters in New York, and the privilege of a through bill of lading was secured, which allowed the small miller to load the cars at his market and bill to the final foreign destination. This through bill of lading was then put through the bureau in New York and that bureau looked after the insurance covering the inland risk and the ocean risk, traced the cars to seaboard, secured their handling at seaboard and their clearance, and finally booked the flour with the ocean lines. The miller only loaded the flour; the bureau took care of the intermediate service and secured the final delivery, handled all claims, matters of maritime law and domestic law. That bureau was subsidized at first, but it was soon on a paying basis, from the commissions received from the steamship lines in booking the stuff, from the insurance commissions and from various other small payments, for the handling of clearances, etc. It has been so successful that the bureau is in private hands and managed by private in-

initiative, and they have a very excellent return. The millers have no money invested in it. The millers simply seek their foreign customer by correspondence and cable and then put the business in the channel of this bureau and the bureau looks after the rest of it. It seems to me that some like plan could be worked out with any other small manufacturer in groups.

MR. BURWELL S. CUTLER, delegate from Buffalo Chamber of Commerce, and president of the Cutler Desk Co., Exporters of Office Furniture:

Mr. Chairman, I have heard a great many times of a feeling of uncertainty with regard to the Webb Bill by the smaller manufacturers and exporters, because they are afraid it would give to the larger companies the power to combine and exclude the smaller ones. As the smaller manufacturers in combination by themselves may be faced by larger aggregations of capital and of energy coming from the same country. England recently brought together all her pottery interests at the command of the London Board of Trade. They sent out a request to each one of them, which was almost in the nature of conscription, to meet at Birmingham, and they were all obliged to sign a pledge regarding prices and treatment, etc., for certain South American countries. Eventually, perhaps, our government will come to the point of inviting all allied or similar industries to come together. Meanwhile it has been suggested, although I do not make the suggestion here, that the National Foreign Trade Council may at some time bring together by invitation all similar industries to see if they cannot reach some common meeting point in the foreign field.

CHAIRMAN LEWIS: That is a good idea. If you will allow me, I would like to add one word more. I think that another hopeful prospect for the development of our foreign trade will be the initiative of individuals. There is one individual who is in attendance at the Convention, though not in this Group Session, who by individual initiative has gotten together a number of concerns whom he represents through an organization he has formed, which has become quite successful. There the individual started the manufacturers, and they are grateful. I know of another case of an individual who tried to interest a number of manufacturers, mostly in Michigan, and he met with utter failure. They could not see it. That was two years ago, and I have been advised within three months that those same manufacturers are looking for an opportunity. I know of another group of manufacturers of allied and

generally competing lines who are considering getting together if this bill goes through. It is not going to bring the millennium, but it is going to offer great possibilities, and in time, if we are on to our job, I think it will bring results. I take pleasure in now presenting the report of a special committee on "Suggested Methods of Cooperation In Foreign Trade," in other words how to take advantage offered by the Webb Bill if it is passed.

SUGGESTED METHODS OF COOPERATION IN FOREIGN TRADE

The purpose of the plans submitted herewith is to outline methods by which groups of cooperating manufacturers can, in one form or another, sell their products abroad at a minimum of expense and investment with a maximum of results. Many large factories will be interested primarily in selling to existing foreign houses or consumers; others will find it advisable to gradually establish local agencies and branch houses abroad.

It is generally believed that the smaller manufacturers can be better represented by the establishment of American selling houses in the foreign field,—these houses to carry the necessary stocks of merchandise for immediate delivery.

The problems of our manufacturers, while numerous, may be confined exclusively to export in full compliance with the provisions of the Webb Bill, *as introduced* in the House of Representatives, with all its safeguards against illegal restraint of domestic commerce and unfair methods of competition. The variety of the suggestions is necessitated by the variety of conditions and competition abroad.

PLANS FOR ORGANIZATION OF CO-OPERATIVE SELLING COMPANIES ABROAD

- (1) A Group of Large Manufacturers, Closely Identified, Making Kindred but Generally Non-Competing Products.
- (2) A Group of Manufacturers Controlled by One Company Making Kindred and Non-Competing Products.
- (3) A Large Group of Small Manufacturers, Each Entirely Independent, Whose Products Are Allied and Which May Be Both Competing and Non-Competing.
- (4) A Group of Manufacturers Making Similar and Generally

Competing Products, Who Co-operate with One Selling Organization on a Commission Basis.

- (5) A Group of Producers of Raw Materials, Who United in One General Selling Agency for the Disposition of Their Export Products.

HOW TO ORGANIZE A CO-OPERATIVE FOREIGN SELLING ASSOCIATION UNDER THE WEBB BILL, FOR THE SALE OF KINDRED, BUT GENERALLY NON-COMPETING, PRODUCTS

1. The kind of organization most likely to secure efficient operation of such an association would necessarily depend, to a large extent, upon the nature of the products to be sold, the countries in which it is desired to make sales, and the scope of the association. Methods and organization suitable for marketing products such as, for instance, hardware, notions, household utensils, drugs or imitation jewelry, might be very inadequate for handling business in steel products, railway cars or locomotives, machine tools, cement or lumber. The modes of doing business and conditions vary very considerably in the different foreign countries, and methods which might be thoroughly successful in English speaking countries, such as Australia or New Zealand, might be ineffective in South America, China, or in many of the countries of continental Europe. Consequently, before any permanent organization could be effected, it would be necessary to form a preliminary organization to obtain information and data necessary to determine the form and scope of the permanent organization.

2. This preliminary organization should obtain from each manufacturer proposing to become a member of the permanent organization, definite statements as to the following:

- (a) The nature of the products he desires to export; and whether or not he has hitherto done any export business, and if so, to what extent and with what countries; if his products have not yet been exported, or only to an insignificant extent, what reasons exist for believing that a demand for similar products exists, or can be developed, in foreign countries, and whether, in such case, he is prepared to accept orders at such prices as may be necessary to compete in those markets.

- (b) What sum he is prepared to expend annually, either for propaganda work, or in the negotiation and securing of export orders.

(c) Over what period of years he would be willing to expend such sum in order to enable a thorough demonstration of the possibility of marketing his products abroad upon terms satisfactory to him.

(d) What minimum production per annum he would be willing to devote to the building up of a continuous export trade, such minimum production to be reserved for the filling of export orders, provided they can be secured, regardless of the temporary exigencies of domestic demand.

(e) Whether he is prepared to sell for cash only, or for credit, and in the latter case, what credit risks in general he is prepared to assume and whether he is willing to allow the central organization to determine credit risks for his account, or for its own account.

(f) Whether he would be prepared to allow the selling organization to be an autonomous body, dealing with the buyers as a principal (not merely as agent for the manufacturer), and having full control over every detail of marketing and delivering the goods for export from the time the material leaves the mill, but, generally speaking, exercising no control over the manufacture, except to the extent that the foreign buyer's requirements as to manufacture and packing would have to be complied with by the manufacturer strictly in accordance with the orders of the selling organization, provided always that the selling organization should previously have submitted to the manufacturer and obtained his approval of such manufacturing requirements and packing.

3. After preliminary articles of agreement, covering the foregoing and other principles of a mutually protective nature, shall have been arranged, it is suggested that the amount of cash which each of the manufacturers proposing to form the association is willing to expend annually, be contributed to a general fund, to form all or a portion of the paid up capital of the composite selling organization, and that shares be issued to each manufacturer in proportion to his contribution. If the number of such manufacturers be ten, or less, each of them should thereupon be entitled to one or more directors, in proportion to his subscription, as might be agreed upon, and such directors should elect the officers of the selling company in accordance with the usual corporation practice. Should the number of manufacturers exceed ten, one director might

represent two or more of them, as might be agreed upon, in order to avoid making the board of directors too large. Except for such supervision as might be given in the usual way by these directors representing the manufacturers, the selling organization should be autonomous, as above defined, subject only to instructions from each manufacturer as to his ability to manufacture, the extent to which he is prepared to accept orders for export and the minimum prices at which such orders would be acceptable. It is suggested that where a manufacturer's product—although of kindred nature—may, nevertheless, differ in detail from other products handled by the selling organization, to such an extent that separate representation is necessary, each of such manufacturers might appoint a special representative in the selling company to be employed in connection with his products, but who should, nevertheless, be subject only to the direction and control of the selling company from whom he would receive his remuneration. These special representatives, possessing, as they would, special knowledge of the particular products of the manufacturers by whom they would be nominated, would be available for training or educating agents for the foreign field, and for conducting special correspondence relating to their respective products, while assisting in other branches, for which they may possess the necessary qualifications, and in the general business of the company.

4. Under this suggested plan, any and all existing foreign agencies of the constituent manufacturers would come under the jurisdiction of the joint selling company, which should have full power to consolidate agencies operating in the same territory and to discontinue duplicate, conflicting, or, in its opinion, unnecessary, agencies.

5. As all the stock in the proposed company would be held by the constituent manufacturers, all profits over and above the expenses of the selling company would accrue to the shareholders and should be paid annually in dividends, or allowed to accumulate in the reserve fund, suggested elsewhere in this paper, and any excess of expenses, or losses, should be provided for annually by an assessment pro-rata, on the constituent manufacturers, in proportion to the f.o.b. mill value of the business secured for each of them.

6. In order to provide for the normal operating expenses of the selling company, including the liberal remuneration necessary to induce competent men to go abroad and stay for a period of years, as well as an adequate reserve fund for contingencies, such as ex-

exploitation work, taxation, war risk insurance when incurred, opening new branches, etc., and particularly for credit risks, it is suggested that a commission sufficient for these purposes be allowed the selling company by the constituent manufacturers on all sales effected, such commission to be readjusted annually in view of the actual expenditure during the past year and the probable requirements of the programme of operations for the ensuing year.

7. *Credit Risks:* It is desirable that as soon as possible, the selling company should undertake its own normal credit risks, except in cases where the magnitude of a contract and consequent credit risk involved is such that the capital of the selling company would not normally justify the risk. In such cases, the selling company would ascertain whether the manufacturer of the particular goods involved would be willing to assume the credit risk himself, or would only consider the contract on some other basis, in which latter case, unless the selling company could arrange otherwise satisfactory and safe terms of credit, the business would necessarily have to be declined. The necessity for autonomy with respect to credit risks is patent for many reasons, chief among which is the desirability of empowering the selling company, either through the home office or through its foreign branches, to make immediate decisions by cable as to credit risks in the case of any proposed transaction.

8. It is, therefore, suggested that the amount which each manufacturer may be willing to contribute as his normal annual expenditure for export trade or as represented by the shares in the selling company which he takes, should be contributed annually for a period of years, without taking out any dividends from the profits, if any, of the selling company, the manufacturer to be satisfied with his manufacturing profit after deduction of the commission allowed the selling company, thus allowing any profits of the latter to accumulate for a period of years in order to provide for the objects above mentioned, and particularly for credit risks and possible bad debts. Foreign business in very many products can only be developed to any important extent by extending such liberal terms as will become feasible only by means of the establishment or accumulation of an adequate reserve fund, unless the manufacturer is willing to assume the risks.

9. The selling company having been formed, it would be impracticable, in this general report, to detail concisely its form of management. In some companies which are doing a large export

business, the selling organization is divided with respect to certain classified lines of manufacture which are exploited by respective departments possessing special knowledge of the particular lines. In others, it has been found preferable to divide the foreign territories or countries to be exploited into suitable zones, each in charge of a separate department; and in still others it has been found advisable to operate on the lines of both the zone and commodity plans, one department supplementing the work of the other, the commodity departments possessing the necessary knowledge of the goods and the conditions of their manufacture, while the zone departments have equally necessary knowledge of the countries to which the goods are to be exported.

10. *Conditions of Sale:* At the very inception of the organization it is essential that certain conditions of sale, covering the accepted practice in export trade with respect to the products to be exploited, should be laid down, and that from these conditions there should not be permitted any deviation by the company or by any of its agents in selling to any buyer. Every transaction should be based on these conditions and quotations should be made and orders accepted only in exact accordance therewith.

By this means it would be possible to minimize claims, to avoid controversies with customers, and to establish cordial relations with them. These conditions of sale should be translated into and be printed in the language of every country in which sales are to be made, and used whenever negotiations are conducted in any such language. When desired, contracts might be executed in duplicate, i.e., both in English and in the language of the country in which the sale is made. It is most desirable, however, that such conditions of sale should be translated by natives of the respective countries, familiar with the nomenclature and exact significance of the terms of the local language, and that the translations should then be carefully checked by one or more others, equally skilled, as it will be found that there is considerable diversity of opinion as to the proper equivalents of expressions used in each of the respective countries, and as to the meaning in the various foreign languages of numerous English words.

11. Suitable facilities should be afforded, without delay, to the selling company to enable it to issue, under its own name,—or where it is desirable on account of a product being best known by the name of its manufacturer, jointly under the names of the manufacturer and the selling company,—an adequate supply of advertising mat-

ter, pamphlets, catalogues, etc., relating to the products to be exploited. When possible, it is desirable that full information, as to kindred products, modes of packing, etc., should be given in a joint catalogue, to be published, whenever feasible, in the languages of the respective countries to be exploited. All necessary data and printed information should be furnished by the respective manufacturers to the selling company, free of expense, or at a nominal charge, together with all necessary samples, price lists, etc., but the cost of issuing a joint catalogue, as also any other joint selling expense, should properly be chargeable to the selling company, unless, under special circumstances, it should be considered advisable for the respective manufacturers to contribute.

12. In most cases, it is advisable that the selling company should be informed by the manufacturers as to the exact manufacturing cost of the article to be sold and authority given to meet any competition encountered, down to the limit of the manufacturing cost; at all events, this should be done in the early stages of the exploitation. The control of the selling company by directors representing the manufacturers, and the fact that the selling company would not be organized for profit to itself but only as a means of providing manufacturing profits, would, in most cases, prevent any abuse of this information. If, however, it should be deemed inadvisable to disclose the manufacturing costs to the selling company, minimum selling prices, based upon costs and market conditions, should be established from time to time, good until changed with reasonable notice of such change, and the selling company should have authority to go down to these limits whenever necessary in its judgment. The only exceptions to these rules should be when the product is of so complicated a character that the cost can only be computed by the manufacturer on receipt of full details of each respective inquiry, and in such cases, full details should be furnished by the selling company to the manufacturer who in turn should advise (as might be agreed upon at the inception of the organization) either his cost of manufacture or minimum selling price, together with any useful suggestions as to domestic selling prices, and, provided he possesses such information, as to the possible prices obtainable for export.

13. The selling company should have full power to appoint all foreign agents without interference from the manufacturers other than the control of the board of directors, except in special cases where an individual manufacturer may desire special representa-

tion for his own particular product; in such cases it should be a matter for agreement as to the personality of the agent and his remuneration, traveling and other expenses. With such exceptions the selling company should pay its entire operating expenses, including salaries, rents, traveling, cable and telegraph expenses, taxes, and bad debts as above defined; and, as previously indicated, its remuneration on a commission or percentage basis should be sufficient to enable it to undertake all such expenses. It may be necessary, at least at first, to limit the amount of such expenses and, consequently, the scope of the selling company's operations, to the total of the amounts the various constituent manufacturers are willing to contribute annually for the promotion of the export business, or, in cases where an export trade already exists, to the amount the respective manufacturers have hitherto expended annually thereon. In appointing foreign representatives, it is important, not only to secure competent and reliable men, but to make it worth their while to devote their best energies to the development of the company's business and to the protection of its interests, and it is believed that this can best be attained by paying a moderate minimum salary, plus a special annual remuneration based upon the success achieved. In many foreign countries it is customary to give such annual bonuses to faithful employees at the end of the year. It should, furthermore, be understood, without, however, making a definite contract, that they would be expected to remain abroad for a stipulated term of years, provided their efforts give satisfaction to the company, failing which, their services would be dispensed with. In selecting men to serve as representatives in foreign countries due consideration should be given, not only to their personality and general business ability, but also to the extent to which they possess the undermentioned qualifications:

1. Familiarity with the products to be sold.
2. Knowledge of the country to which they are to be assigned, and of the language spoken there.
3. Acquaintance with customers in the territory to which they are to be assigned.

In general, it is believed that an American company, selling American products, will obtain the best results by employing Americans as representatives. Other employees of the foreign offices, or sub-agents reporting to the principal local representative, may frequently with advantage be natives of the country or men of other nationality, possessing the necessary qualifications, such as ac-

quaintance with the commodities, or with the buyers whose trade it is desired to secure.

14. The selling company should have autonomous control of the distribution of orders to the respective constituent manufacturers where there are more than one manufacturing the product in question. The control of the Board of Directors will be sufficient to prevent any favoritism or discrimination, and as the organization will be a mutual profit-sharing company, no difficulties should be encountered on this score. The selling company will naturally endeavor to dispose of the surplus product of each constituent manufacturer to the limit of his manufacturing ability, and when this limit has been reached, in the case of any manufacturer, the selling company will naturally devote its energies more especially to the products of the others. Should the constituent manufacturers be unable to supply the demand developed by the selling company, it may be found feasible and advantageous to admit other manufacturers to the organization, or to handle special lines for manufacturers who are not constituents of the selling company, as a means of increasing the profits and of reducing the share of the expenses to be borne by the constituent manufacturers.

15. Among the advantages to be derived from a joint selling organization, as compared with the independent handling by each manufacturer of export business, is greater and more accurate information as to the credit and financial standing of foreign buyers, and the ability to secure ocean transportation to best advantage. In addition to a competent invoicing and accounting department, the selling company should install at the very outset of its operations, credit and transportation departments in charge of competent men experienced in such matters. The credit department should collect, from all available sources, the fullest information as to the financial standing, resources, and character of every actual or prospective customer in the various foreign countries, keeping such information, by means of card indexes or other effective systems, so as to be immediately available when occasion for its use arises. The transportation or traffic department should include men conversant with ocean freight matters and marine insurance, and competent to prepare, in a proper manner, ocean bills of lading, consular invoices (in accordance with the requirements and in the languages of the respective countries of destination) and experienced in all other matters pertaining to the proper and efficient handling of shipments to foreign countries. As the volume of freight handled by the

selling company would increase in importance, the ability of the selling company to secure favorable freight rates from steamship owners, thereby enabling competition with European manufacturers, would increase. It has been necessary, in the case of some of the largest American organizations now engaged in the export trade, to establish their own steamship services with steamers owned, or chartered, for the purpose, in order to obtain such freight rates as would place them on an equality with their European competitors. These are of course exceptional organizations, and while the volume of business to be handled by such an organization as we are now discussing might be too small to justify the chartering or purchase of steamers, the advantage of collective bargaining with steamship owners, or agents, which would be afforded by the concentration in the traffic department of the selling company of the export tonnage of all the constituent manufacturers, is obvious.

16. Another necessary feature of the joint selling organization would be a committee for dealing with claims. In foreign, as in domestic trade, claims will undoubtedly arise from time to time, and the dealing with such claims in a manner equitable to the foreign customer, without sacrificing the just rights of the manufacturer, is necessary for the building up of that good will which is essential to the growth of a large business, which in the case of international business, and particularly with far distant countries, necessarily involves faith in the justice and honor of the seller equally with that of the buyer. It is, therefore, necessary that the claim committee be composed of men conversant not only with the particular products forming the subject of a claim, but with transportation conditions and with business principles generally.

PLAN FOR CO-OPERATIVE ORGANIZATION OF A LIMITED GROUP OF
MANUFACTURERS HANDLING KINDRED BUT NON-COMPETING
PRODUCTS AND WHOSE GOODS ARE IN SUBSTANTIAL DEMAND.

The problem presented does not differ materially from that of a single large corporation composed of a number of smaller units, each of which manufactures products, which, while similar in that they use the same raw material, differ in the products made which are non-competing, as for example, a large steel company which manufactures, say, rails, structural shapes, merchant bars, tin plate, wire and the like; or a rubber company which manufactures footwear, automobile tires, mechanical or technical goods, hard rubber, clothing and the like. For the purposes of this report, therefore,

the subject under the sub-heading above, may be treated quite aside from the question as to whether the individual manufacturing units are entirely separate or controlled by a single holding company.

The problem itself is simple in the things to be accomplished aside from the complications that may present themselves in the actual work of accomplishing it, for, after all, the problem is one of merchandising only and all other questions become details of expediency in accomplishing the desired result.

The first question which presents itself is as to whether the organization is to operate so as to produce a profit for itself, no matter what becomes of that profit, or whether it is to operate so that all profit shall immediately and automatically accrue to the manufacturing company. It is believed that the latter plan is the best, for, after all, the organization, no matter how complicated, is in reality a salesman and the same fundamental rules under which a salesman operates should control the company. A salesman is entitled to a fair and proper compensation for his efforts and to his legitimate expenses. This compensation may be in the form of a fixed sum or may be directly dependent upon the sales or profits that he makes. It is therefore proposed that the merchandising organization should purchase its goods from the manufacturing units at the same price which it in turn sells them for. The fixing of this price is another matter and does not affect the propriety of making the selling price and the purchasing price the same. It is obvious that the existing domestic price can have nothing to do with the proper selling price for distribution in foreign fields; the local market and the conditions of competition existing therein must alone determine the price at which local sales can be successfully made, but the foreign sales price should be the same as that at which the selling company purchases from the manufacturing company; therefore the manufacturer will receive the profit in the price at which it invoices the goods to the selling company.

It is presumed that the basis of operation will be that of purchase and sale by the merchandising company from the manufacturing company, and not any other. This part of the plan having been agreed upon, many details present themselves for disposal. The first, of course, is the question of the expense of operation of the merchandising company,—the compensation of its officers and field men, both at home and abroad. It is entitled to its legitimate operating expenses outside of the question of compensation, such as rents, light, heat and the like. It is entitled to a proper compensa-

tion for its personnel and it is believed that this compensation should be fixed in two ways, first on the basis of straight salary or wage, and second, on the basis of some form of participation in the success of the business. The best, and in fact the only feasible method for such a participation would appear to be a legitimate percentage of the net profits of operation as received by the manufacturing company. The manufacturing companies, receiving the total receipts arising from sales, together with the profits contained therein, must of course contribute from these profits the necessary amounts to pay all of the expenses of operation, including compensation. This can very easily be provided for by assessing against each manufacturing company its proper share on the basis of the volume of business transacted for it. The principal reason, it is believed, that all of the profits should accrue directly to the manufacturing company is that it disposes at once of any questions or controversies as to proper prices and as to a reasonable distribution of the profits. For example, if a concession is necessary in order to make certain sales in certain territories, the question would at once arise, upon request being made for this concession, as to whether it was necessary in order to meet the market conditions or as to whether it might not have been requested so as to show a greater margin of profit for the merchandising company. If it is clearly understood that the merchandising company acts solely in the capacity of a salesman and that it has no direct interest in the profits, then there can be no question as to the proper distribution of the profits.

The second feature of the problem is the matter of credit liability. The determination of credits should rest entirely with the merchandising organizations, but the credit risk or liability should rest with the manufacturing units. If losses are sustained, they should be chargeable to the manufacturing unit whose goods are involved; in other words, the manufacturing unit receiving all of the profits must assume all the risks. It will be found in perfecting an organization such as is proposed and operating it, that there will be points where exception to the general plan must be made and where the plan cannot be carried out inflexibly. For example—in the question of disposition of profit, it is impossible to return all the profit as it is acquired from all sales from local stocks where the goods involved are of such nature as to be dependent upon a rapidly or widely fluctuating market. The stocks of goods being purchased from the manufacturing companies for shipment to various branches must, of course, be invoiced at some fixed and agreed upon

price; the sale of these goods, however, will not always be at a fixed price, some sales taking a higher price than others. It is impossible to avoid, therefore, some profit arising from the sale of local stocks, but this profit can well be taken care of by applying it to the expense account and reducing it by the amount of profit obtained. If the amount exceeds the total expense account, then the residue or surplus profit can be distributed pro-rata as an extra dividend. It is thought, however, that this feature of the problem will not be particularly vexatious as the amount of surplus profit arising after the expense account has been entirely absorbed is not likely to be large.

As to the organization itself, there should be a principal office located in New York to be in charge of the chief executive of the company. The sub-organization of the head office should be on the basis of products; that is, a department handling each product regardless of the factory of origin. This is believed to be better than a series of geographical departments because the head of each department should be an expert in the line of goods that he is handling and one who could easily handle the problems involved in the sale of those goods, whether they arise in one part of the world or another. This feature is believed to be important and it is again emphasized that the departmental sub-divisions should be on the basis of products rather than geographical.

There should also be an accounting department which can properly combine credit. Financing, as meaning the borrowing of money, is not a part of the contemplated plan, as the company should be so capitalized as to provide adequate working capital. If more is needed it should be obtained from the principals rather than from outside. The capital may be large or small. If it is large it should be such as to permit the discounting of all bills and the prompt payment of all obligations, the funds coming from the capital itself. If small, the company may be financed by its composing manufacturing members on the basis of payment of invoices rendered, as may be possible or convenient. It is thought that better satisfaction would result if the company was adequately capitalized so as to pay its obligations promptly. There should also be a well-organized Traffic Department, the three sub-divisions being sufficient; that is, traffic, accounting and credit, and sales; the sales to be of course sub-divided as outlined.

7. The organization in the field is comparatively simple. A Branch Manager, supported by assistants as may be necessary, the

assistants to consist of an Accounting Department and a force of salesmen. Beginnings should be modest and it is believed that, except in certain specified commodities, local stocks should follow preliminary work, the preliminary work to consist in making as many sales as possible without a local stock and then to supplement this work by adding a local stock and increasing it from time to time as may appear justifiable. In attacking any given territory the manager should proceed to the principal city and take a modest office and hire a stenographer, an office boy and one or more salesmen, but he should himself be a producer; that is, he should be a salesman and, presumably, the salesman making the greatest number of sales. The principal thing is to get someone into the territory actively working and then to supplement and build on that nucleus as conditions warrant. Local stocks should be added as soon as it can be shown to be necessary and the premises correspondingly enlarged.

It is believed that an organization such as is outlined is in the truest and broadest sense cooperative. Reverting to the question of profit, it is believed that if the merchandising organization seeks to make substantial profits it becomes non-coöperative to that extent. From the standpoint of the manufacturer it is believed that better satisfaction will result if the returns come speedily in the shape of price. If it is planned to capitalize the company adequately, then stock should be issued and subscribed for by the manufacturing companies. This stock should be non-dividend paying, the presumption being that the company could liquidate or sell at any time so that the value of the capital should not be impaired. The capital required would be only such as should be necessary for the purchase of goods. Accounts payable and accounts receivable should at all times be such as to leave unquestioned the solvency of the company.

The Board of Directors should be composed of one or more representatives from each manufacturing company, together with the chief executive of the merchandising company. The executive himself must be of such caliber as to warrant and merit the widest latitude in the management of the company and the greatest authority in planning and executing his plans. The sole purpose of the Board of Directors should be to satisfy the manufacturing companies, who are in reality the owners of the business, as to its proper conduct.

The particular subject to be treated deals only with the organization itself. It may not be out of place, however, to indicate some

things which the manufacturing companies must be prepared to carry out. They must, in the first place, be prepared to set aside a given percentage of their product for export. This must be inviolable. There must be no thought of dumping; there must be no question of taking orders when wanted and refusing them when not wanted, or any policy which renders the source of supply questionable or fluctuating. It may be as small or as large as the manufacturer chooses, but when once fixed it must not be disturbed, for stability and continuity are most important in foreign trade.

The manufacturer must also be flexible in the matter of price and in the matter of detail in the execution of orders. He should know what the export business means. He should know the delicacy and sensitiveness of it and if not prepared to support it, should not enter the field. He should realize that volume is the best asset of an export business and that if at times little direct profit is shown in any sale or transaction, there is a very strong indirect benefit in the contribution towards overhead and the general stabilizing effect of orders which originate from such a wide field of activity.

SUGGESTIONS FOR ORGANIZING A CO-OPERATIVE FOREIGN SELLING COMPANY

FOR THE SALE OF COMPETING AND NON-COMPETING PRODUCTS

The purpose of this plan is essentially to aid the smaller manufacturers to sell their commodities in the foreign field, and in this class must be included certain relatively large manufacturers who have only a limited surplus available for export or whose products are in only limited demand abroad. It is believed that the problem of these manufacturers is largely on merchandising lines. The selling organization, to be successful, should gradually establish branch houses carrying sufficient stocks of merchandise and having an adequate administrative and sales force.

It is advisable that such an organization should have a main or head office on the seaboard.

It may safely be assumed that such a selling organization must necessarily represent a rather large number of factories. It should, so far as possible, handle kindred or allied lines which may generally be non-competing but which may also, to an extent, be competing. It will be recognized that on certain commodities of general use, one factory cannot well supply the entire demand and that the coöperation of a competing factory or factories will give the selling

organization the necessary tonnage or quantity to its advantage and also give the factories an export outlet without interfering with their domestic business. Other factories, even though able to supply the demand, can operate more economically through one selling organization if the demand for their products is only reasonably large.

Because of the large number of products which may be needed to round out a comprehensive line for the merchandising or selling house, it would seem difficult to arrange the business on a percentage or expense basis. The various products would necessarily carry varied gross profits and selling expense, as well as entirely different credit terms. As an example, sales of machinery are very generally made on long time and involve one sale, while goods which are immediately used or consumed are sold on relatively short time. The cost of selling a large item of machinery is proportionately much less than an equal amount of consumable merchandise sold to a considerable number of buyers. Credit is an expense, just as selling is, and must be so considered. The payment of a commission on all sales naturally results in encouraging the selling organization to work particularly on the large sales and to neglect smaller ones. It is frequently good merchandising policy to make small sales with little or no profit for the ultimate benefits which may result, and this is encouraged if the selling organization has a general broad merchandising policy which permits it to make a profit. Every possible encouragement should be given the selling organization to develop a large permanent business, and not to concentrate on individual transactions.

It is suggested that manufacturers in determining their selling price for export, eliminate their overhead charges on domestic business. It is also suggested that on keenly competing lines of which a considerable surplus is available for export, that the manufacturer look to the returns on his investment in the selling organization for a portion at least of his profit. It is of first importance that strong, capable American selling houses be established abroad. Their success means ultimate profit to the manufacturer and assures a permanent increase in our export business.

As a matter of convenience and efficiency in organizing a foreign selling company which is to represent a large number of manufacturers, it would be well to have the plan originate with or be supported by two or three comparatively large factories which can afford some immediate expenditure of time and money and which will command confidence among those who may become interested.

These concerns should appoint one man to study and handle preliminary details until a meeting of all interested can be called or an actual organization perfected. It is suggested that the following points be considered and put into effect where possible:—

(1) The individual or committee in charge of preliminary work shall carefully canvass a list of concerns who should be identified with the foreign selling organization. The character of the concern and the nature of its products are important.

(2) On completion of the list, a meeting should be called for the purpose of discussion and, if possible, of organization.

(3) Each concern should at the beginning agree to advance a certain amount of money to cover initial expenses of organization, of investigation of foreign territories, if that is needed, and for preliminary sales and propaganda work, which is necessarily expensive and which should be regarded as an expense rather than a capital expenditure. The payment of these amounts can be extended over a period of one or two or three years, if desired. The amount should be sufficient to meet all legitimate requirements.

(4) The stock of the company may be divided into two classes, common and preferred. The manufacturers should, so far as possible, and the large ones particularly, subscribe to the common stock. The preferred stock may be sold to investors. There would seem to be considerable advantage in having a substantial number of stockholders in the selling organizations, both because of the additional capital which could thus be furnished and because an investment abroad creates a wider interest in foreign trade and foreign affairs among our people.

(5) Manufacturers subscribing to the common stock should furnish their products to the selling organization at a slight manufacturing profit. This profit must necessarily depend upon the character of the article sold; specialties can carry a fair manufacturing profit and also a reasonable selling profit; highly competitive commodities, which will generally represent a surplus, must be sold at a minimum of profit by the manufacturer and the selling organization. In some cases it will be advisable for the manufacturer to allow the selling organization a commission on sales and to carry the credit burden; the selling organization may in such an event guarantee credits if the commission is adequate. This arrangement should generally cover only such products as are not carried in stock by branch houses, unless the manufacturer is prepared to consign the stock.

(6) The factories shall furnish the selling organization with necessary advertising matter in the way of pamphlets, circulars, price-lists, etc., printed in the language of the country in which the goods are sold, without expense.

(7) The selling organization shall assume all expenses, except advertising, as noted above. It shall finance all sales, paying the factories as may be agreed, and shall assume all credit risks. It is regarded as important that the smaller factories be relieved from any excessive credit burden, as it is believed that the suggestion of credit risks or of long-time sales will deter many from export endeavor.

(8) The capital of the selling organization should be sufficient to finance its expected sales and to command reasonable credit from banks. Its management must be as competent as can be obtained. The organization should, as experience and success warrant, establish agencies or branch houses in all important centers. It is to be strongly urged that while ample capital and facilities be provided for in advance, the beginnings be moderate and conservative. While progress in the foreign field is necessarily slow and some early discouragements may be met, it is probable that proper management will bring the success which will warrant steady development.

(9) The selling organization must be autonomous to obtain results. Its management should be amply compensated. It should be controlled by a board of directors having knowledge of manufacturing conditions in this country and with some knowledge of the possibilities and needs of export business. The management should have entire control of the selling organization and of credits.

Simplicity of organization and the utmost economy in operation will be more surely obtained if the selling organization is autonomous and has profit opportunities.

(10) It will be recognized that this plan contemplates an organization representing a large number of manufacturers and that its problems are rather different from an organization representing a comparatively few factories or selling a comparatively few articles of large tonnage or value. The majority of the factories coming into this plan will depend most largely upon the domestic market for their success, and a moderate surplus only will be available for export. The sale of this surplus abroad, however, will enable them to keep their plants running at full capacity and with reduction of overhead and manufacturing costs. In time this condition may

change and the opportunity given the manufacturer to share in the potential profits of the selling organization may become most important. The essential thing today is to establish strong, competent, American selling organizations for the foreign field, and if this can be done it is believed that the ultimate results will be satisfactory.

A SUGGESTION TO INDIVIDUALS

Another suggestion which is offered, and this may more largely affect the individual than a group of individuals, though the group plan is advised, is as follows:

Let the individual manufacturer or a number of manufacturers send an entirely competent man to investigate certain markets. If the field seems hopeful, and difficulty is encountered in raising the capital required to finance the business co-operatively, endeavor to interest some of the many responsible commission houses operating from New York or elsewhere in this country, and arrange with some entirely responsible house to put in a local stock of goods on such terms as may be arranged. Supply such commission merchant with a technical salesman, if necessary, at the expense of the manufacturer. The advantage of this plan will be that the commission merchant is or should be entirely responsible for the ultimate payment for the goods shipped, and for the accounts. It eliminates credit risks, and in many cases such an arrangement may be preferable to the organization of a separate company, even though the selling profits be less. We have many splendid commission houses in this country who should be urged to put in local stocks for the benefit of American manufacturers, and for the purpose of giving the best local service to customers. In practically every case of this kind, however, it is necessary to supply a competent technical salesman so that the merits of the goods sold can be properly presented to prospective customers.

SUGGESTED TRIAL ORGANIZATION

The following is suggested as the best method for those concerned who do not feel warranted in investing a considerable amount of cash in an export business to begin with. The first necessity for this organization will be the employment of a competent manager, and it is suggested that he first of all familiarize himself with territories and decide on the best market in which to commence operations.

Let five or ten concerns, manufacturing or handling articles required by practically the same line of customers, and more or less closely related, organize a company of say ten or twenty thousand dollars, each subscribing from two to four thousand dollars of stock, this capital to be used in financing the initial expenses of the business. Then let each concern consign its goods at their lowest export prices on the agreement that payment shall be made as payments are received from the ultimate purchaser. The manager may have either a straight salary, or a salary and a commission, the latter based either on the volume of his sales or the amount of his profits, preferably the latter. In this way the amount of cash required will be comparatively small, and the amount of goods consigned by each need not be large. The result, if unfavorable, will not bring a heavy loss to any one concern, while, if success comes, the profits will be quite satisfactory. Arrangements should be made that after a period of say three or five years the capital of the company may be increased, and the consignment accounts cut out. If Americans tackle this export business in the right way, it will be a question of time, merely, before the investing public will become interested in the capital stock of exporting concerns as an investment, and the capital requirements from the manufacturer will be lessened. It must always be remembered that the cost of freight, duties, and placing goods in any foreign country is rather heavy, and that cash money is required for these expenses. It must also be remembered always that credit is absolutely essential for doing business in practically any country, and that capital must be provided for this purpose.

A GROUP OF MANUFACTURERS MAKING SIMILAR AND GENERALLY
COMPETING PRODUCTS, WHO CO-OPERATE WITH ONE SELLING
ORGANIZATION ON A COMMISSION BASIS

For certain groups of manufacturers making competing or similar products but whose surplus for export is limited and whose product is highly competitive, it is suggested that they unite upon one or two existing capable selling organizations in touch with foreign buyers. These selling organizations should have agents or travelling salesmen covering the field, and their province will be the sale of the products of this group to existing houses. The compensation of such selling agents should be solely upon an arranged commission basis. The purpose of this plan will generally be to sell wholesalers or large retailers, and, as their credit is generally good,

it will be possible to discount drafts drawn on them and enable the selling agent to promptly pay the manufacturer. The selling agent must be compensated in its commission for the credit risk and the expense of discounting drafts.

Such a group should determine in advance upon the tonnage which can be exported and must hold this tonnage at the service of the selling agent. Orders may be placed with factories or mills most in need of business, with an agreement that profits and losses shall be pro-rated among the group according to the tonnage available for export. It may on occasion be desirable for one factory to furnish a substantial amount of its products for export without profit, or at a loss, and such factory should be compensated by the others in the group. On the other hand, a factory supplying an excess amount of its product at a high profit must share its profit with the rest of the group.

A GROUP OF PRODUCERS OF RAW MATERIAL, SUCH AS COTTON OR WHEAT, WHO UNITE IN ONE GENERAL SELLING AGENCY FOR THE DISPOSITION OF THEIR EXPORT PRODUCT

To meet either Governmental buying or a combination of buyers from abroad, it may be desirable to have our cotton growers, our producers of wheat and of raw materials, cooperate in the formation of a single selling agent or agency for the sale of their product abroad. Such a plan would stabilize prices and probably reduce the expense of selling. Such an agency, or bureau, could be simple in form and inexpensive in operation. As the buyer always pays the cost of transportation from the seaboard, and as he is largely responsible for methods and form of payment, the detailed work of such an organization would be substantially less than those engaged in selling manufactured articles abroad.

It is suggested that an agent or company be selected for handling this form of business, and that all producers of each product place their available tonnage for export with that agent. The business can be handled on the basis of a very small commission, or, if preferred, by the payment of a salary which should naturally be substantial in order to secure the services of entirely competent individuals. Where the product is controlled by a large number of individuals or concerns, it would seem desirable to have the entire export business handled by one concern, so that there may not be an unnecessary and unfair competition between the sellers. In certain commodities it may be advisable to form a strong selling com-

pany, financially equipped to handle and store products until a favorable market can be obtained. Generally, however, this would be unnecessary as those products can be marketed gradually. Our home markets will take a large proportion of these products in any event, and it would seem advisable to have our exports go forward with some regularity of shipments, rather than in large amounts at particular times, except as prices and transportation rates may call for increased shipments.

The conditions affecting our raw materials are so diverse that it is difficult to outline any single scheme which will cover all. It is quite probable that the cotton growers and wheat producers can, through cooperative effort, materially better their position in the marketing of their products abroad. In the report by Mr. J. J. Donovan,* one of our committee, already presented, covering the necessity of cooperation in the lumber export trade, there are valuable suggestions which can undoubtedly be used in other lines.

The above memorandum was prepared by a committee consisting of:

H. C. LEWIS, *General Manager*,

National Paper & Type Company, New York City.

E. P. THOMAS, *President*,

United States Steel Products Co., New York City.

E. H. HUXLEY, *President*,

United States Rubber Export Co., Ltd., New York City.

CHAS. M. MUCHNIC, *Vice-President*,

American Locomotive Sales Corporation, New York City.

J. J. DONOVAN, *Vice-President*,

Bloedel-Donovan Lumber Mills, Bellingham, Wash.

GILBERT H. MONTAGUE, *Attorney*.

* A paper by Mr. Donovan on Co-operation in the Lumber Export Trade was read in the general session Jan. 25.

GROUP SESSION NUMBER THREE

Thursday, January 25, 1917, 4:30 P. M.

“PROBLEMS OF THE SMALLER MANUFACTURER AND MERCHANT”

Chairman, MR. E. M. HERR,
President, Westinghouse Electric & Manufacturing Company, East Pittsburgh, Pa.

Secretary, MR. J. STANLEY ROSE
Barber Asphalt Co., Philadelphia, Pa.

CHAIRMAN HERR: Gentlemen, you have the problems of the smaller manufacturer and merchant in foreign trade in the form of a series of questions and answers. I would be very glad to hear from any of the members who wish to discuss or elaborate upon these questions or ask others.

PROBLEMS OF THE SMALLER MANUFACTURER AND MERCHANT IN FOREIGN TRADE

Typical Questions Practically Answered

PREPARED BY

MR. ERNST B. FILSINGER,

Foreign Sales Manager, Laurence & Co., New York and Boston; Author
“Exporting to Latin-America.”

1. How can I learn what countries are best suited to make a start for the sale of my goods?

1. (a) Consult the list of publications of the Bureau of Foreign and Domestic Commerce; possibly there are one or more reports concerning the goods in which you are most interested.

(b) If you don't find any special publications consult the nearest branch office of the Bureau. If the agent in charge cannot give satisfactory information he will send your request to the Washington headquarters.

- (c) The Bureau will answer your inquiry to the best of its ability; it may send special letters to the consuls or commercial attaches, to get the information desired; do not take up the matter direct with these officials before conferring with the Bureau.
 - (d) Ask your friends in kindred lines, who are already doing exporting, for suggestions. They may be able to give you valuable hints.
 - (e) Submit the matter to good live export houses; they may be particularly interested in your proposition.
 - (f) Consult the statistics of exports; they will help you to form an idea as to the business being done abroad in your line.
 - (g) Confer with the banks who are specializing in foreign business; they are accumulating data concerning many phases of the problem; they will gladly write their correspondents or branches in other countries, to get the information you want.
 - (h) You can, if you wish, consult directories of foreign countries, which are to be found in libraries or can be obtained through book-sellers, and write letters to some of the principal merchants in different places.
2. What is the best method for me to follow:
- (a) By my own salesmen?
 - (b) By establishing local agencies in different countries?
 - (c) By arranging with other manufacturers for a joint representative?
2. (a) Salesmen are always the best if you can get the right men and are able to stand the expense. You have to weigh the possibilities of sales against the cost.
- (b) In many lines local agents are able to very successfully serve American houses; you must be sure, however, that your local agent is competent, active and does not have too many lines; you must also make sure that the territory assigned each agent is not too large to be advantageously worked.
- (c) Joint representatives answer the problems of many manufacturers. Merchants who come in contact with good men should advise each other and agree upon a definite plan for a division of expense, direction of the representative, etc. Merely because he represents sev-

eral manufacturers he should not be left to his own devices; above all he should have only enough lines to work properly, and they should not be too varied.

3. If I decide to send my own salesmen, shall I employ men who speak the language but do not know my goods; or can I send men who know my line but do not speak the language?

3. (a) The most important attribute of a salesman for a foreign country is dependability. In the second place he must thoroughly understand the goods that he is presenting, in order to demonstrate their best qualities. Preferably he should speak the language of the country to which he is going. However, a mere knowledge of the language does not qualify a man to sell goods abroad. A representative otherwise competent may be depended upon to quickly acquire a sufficient knowledge of a foreign tongue to get along without the aid of an interpreter.

4. If it seems best to establish local agencies, where can I find the names, and how can I most easily get in touch with the right men to represent me?

4. (a) Apply to the Bureau of Foreign and Domestic Commerce, either through their branch offices or direct. If they have not on file the names of agents they will obtain them.

(b) Letters to American Consuls or Commercial Attaches (sent through the Bureau of Foreign and Domestic Commerce) and fully setting forth the needs, with data regarding commissions, etc., are also effective.

(c) Requests of banks who specialize in foreign business, frequently result satisfactorily. If the agents' names are not on file they can obtain suggestions from their correspondents.

(d) Letters to banks or prominent business houses in the places where the agent is desired may also be used.

(e) Inquiries of foreign banks having branches in New York City are likewise effective.

(f) Requests to business organizations, especially foreign trade bodies, often bring the desired information.

(g) A constant reading of "Business Opportunities" in "Commerce Reports," published by the Department of Commerce, develop results.

- (h) Bulletins issued by foreign trade organizations, express companies, export papers, and other journals, should likewise be carefully scanned.

5. If I could induce some manufacturers to combine with me, what is the best working arrangement to make? How can matters be fixed so that the greatest results can be obtained from a joint agent?

- 5. (a) If you combine with other manufacturers, endeavor to agree upon the amount that each will contribute to the expenses and salary of the representative. Determine definitely the territory to be covered; arrange for the supervision of the salesman by one of the group, preferably the one most familiar with conditions.
- (b) Greatest results for all concerned can be obtained by having a thorough understanding as to all points involved; territory, route, approximate amount of time to each line. The salesman should be well supplied with funds and they should be kept coming to him regularly to avoid embarrassment, mails frequently being slow and delayed.
- (c) Give the salesman's letters the attention they deserve: there should be no unnecessary delay in replying. Advance letters and other co-operative work are even more effective in foreign countries than in the United States.

Note: This subject is to be extensively considered in the "group session" on co-operation.

6. If none of the methods suggested seem feasible, could the export commission houses be used? If so what is the easiest way to get in touch with the commission houses and find the right ones for the purpose?

- 6. (a) Under many conditions export commission houses can be used very advantageously; because of peculiar conditions in foreign trade they should always be taken into consideration in a sales plan.
- (b) There are two publications available relating to export houses: (1) The Export Register, published by "Export Manufacturers, Inc.," New York, cost \$10.00; contains list of the buyers of the respective houses, markets covered, etc. It is a looseleaf book with service. (2) "The Export Trade Directory," issued by the "American Exporter," New York City, price \$3.00. This

contains in addition to the list of export houses and markets covered, the names of export agents, resident buyers, etc.

- (c) Visit personally, or address by letter, the export houses, concerning your proposition; proceed slowly; consider the merits of each; some houses may be well represented in one territory and badly in another; try to make the most favorable arrangement possible for each trade field.

7. Isn't it possible to employ all the methods suggested, including the commission houses?

- 7. (a) Yes, a well organized sales plan usually takes into consideration all media. Many merchants abroad will not buy through export houses; a very large number who are financed by the export concerns, have all orders come through these institutions, no matter if placed with the traveling salesman of a manufacturer.

- (b) A proper arrangement of prices, in order to protect the various sales media, is the best; in some countries it may be necessary to pay a commission to a local agent on business that does not pass through his hands but originates with a commission house; a sliding scale of discounts is the most feasible arrangement.

8. Should exclusive sales arrangements be made with export commission houses?

- 8. (a) Only give an exclusive sales arrangement when you are convinced that full justice will be done to your line; many merchants have a fixed credit with export houses, and when the limit is reached with one they must approach another. Obviously it would be foolish to lose business on that account.

- (b) As a general proposition, exclusive agencies should be given very cautiously; practically no export house, no matter how well organized, can do a line equal justice in all its territory.

- (c) Exclusive sales arrangements, no matter whether made through export houses or through local arrangements, should not carry with them the privilege of exclusive shipment through one channel, even if the right of exclusive solicitation is conceded.

9. Could one not employ export sales agents in New York City to handle the proposition of sales? What are their advantages?

9. (a) Yes, there are export sales agents in New York who can handle certain lines very well. They call on the commission houses, look after visiting foreign buyers, attend to shipping detail, and supply much other information. Exclusive sales arrangements through export agents are hardly advisable.

(b) The chief advantage of this method is that the manufacturer is constantly represented in New York, and the agent (supposedly conversant with all details) can successfully look after the development of the foreign business, both direct and through the commission houses.

10. Is it possible to do a satisfactory business by catalogue only?

10. (a) Yes, it is possible to do a satisfactory business by catalogue, provided the latter is properly prepared and distributed.

(b) Many manufacturers have found it highly advantageous to develop prospects by sending out catalogues first and then following up the work by traveling salesmen or local agents.

(c) In certain lines, particularly in novelties, that can be perfectly illustrated and well described, catalogues alone produce a great deal of business.

(d) Many concerns are doing a large and growing business with consumers in foreign countries by means of the catalogue.

11. If a catalogue is used, how should it be prepared and what can be done to insure a proper distribution, so as to avoid waste?

11. (a) In the preparation of a catalogue or any printed matter, the most important thing is to get the right point of view; the compiler must place himself in the position of the prospective buyer.

(b) Never take anything for granted; assume that the person knows nothing whatever about the subject being treated; make the facts clear and easily understood. Quote C. I. F. whenever possible. Send price lists separately.

(c) Don't send an English catalogue to a country where

another language is spoken. Imagine your own feeling if you received one in Arabic and knew nothing of the language. See to it that technical translations are correct; the language must be idiomatic; allow the translator sufficient leeway to make clear what you are trying to say in English.

- (d) Convert the English measurements into the metric system; supply the details needed by the importer to calculate freight and duty (see Kelly's Customs Tariff of the World). New York, \$5.
- (e) Do not use poor illustrations; money spent for good reproductions is productive of greater results.
- (f) Proper distribution can be had in various ways. Verify the names that you find in directories, trade lists, etc.; submit them to American Consuls, local banks in foreign countries, and to your agents or traveling men. If this precaution is not observed, the percentage of waste is likely to be extremely high.

12. Are co-operative arrangements advantageous; if so, what are the best principles under which to make such arrangements?

- 12. (a) Co-operative arrangements may be made, both for the direction of a foreign business as well as for the employ of salesmen. A competent manager can easily look after the foreign business of a number of manufacturers, any one of whom could not afford to engage his entire time. Such a manager can look after the direction of salesmen; also engage co-operatively.
- (b) The best principles on which to make such arrangements are those outlined for joint salesmen, viz.: a thorough understanding in regard to expense; territory to be covered, etc.

13. What are the best methods of finding salesmen qualified to represent American manufacturers abroad?

- 13. (a) Advertisements in newspapers, such as the Journal of Commerce of New York; bulletins and publications of foreign trade export associations; advertisements inserted in "Commerce Reports" according to the arrangements just made by The Bureau of Foreign and Domestic Commerce; investigation of applications sent to manufacturers and their exchange through the medium of commercial organizations,

- (b) Finding competent American salesmen and fitting them for work abroad.
- 14. What are the sources of information regarding the sales possibilities of different lines in the various markets of the world?
 - 14. (a) Publications of the Bureau of Foreign and Domestic Commerce; list sent free by the Government Printing Office.
 - (b) Bulletins of export organizations and foreign trade associations; commercial museums; American editions of export trade papers; house organs of banks, express companies, etc.
 - (c) Books relating to commercial conditions abroad; these are available at any well equipped public library.
- 15. If local salesmen are employed, is it best to engage natives, or should only European or American salesmen be employed?
 - 15. (a) If American salesmen are available they should be given the preference. They are naturally better acquainted with American methods and requirements.
 - (b) A second choice would be the European salesman who thoroughly understands the line which it is proposed he shall sell.
 - (c) Some American concerns depend largely upon local native salesmen, and if these are not left to their own resources, but intensively developed and cooperated with, they prove successful.
- 16. How is it possible to arrange matters in order to get cash before shipments leave the United States?
 - 16. (a) A manufacturer who has a good credit can easily discount drafts covering shipments to foreign countries; to many of the Republics of Latin America and to other foreign fields, the custom of sending drafts is very common.
 - (b) By inducing the foreign buyer to establish a credit in New York and making it worth his while to have payment made upon presentation of documents by providing a fair discount for cash.
- 17. How should an Export Department be organized?
 - 17. (a) If the manufacturer is in earnest in developing his foreign trade he should have some one definitely in charge of an export department; an ambitious person within the organization may be induced to put forth

the necessary effort to acquire a sufficient knowledge of export practice.

- (b) If such a person is not to be found, a manager may be brought in from the outside; naturally he would be equipped with the necessary information to properly conduct the foreign business.
- (c) Everything relating to foreign trade should go through the export department; there must be no question as to final authority; responsibility must be definitely fixed.
- (d) The personnel should be sufficiently large to take care of the business properly; it may be expanded as business increases; details should not be slighted, and false economy in this respect is unwise.

18. What are the best means of learning the local conditions which will have to be met?

- 18. (a) Obtain a broad view of conditions by reading interesting books of travel relating to the countries which it is proposed to work; consult commercial geographies to learn the products, resources, etc.
- (b) Read the annual consular reports relating to the different countries. These can be consulted in the files of any well equipped public library.
- (c) Confer with men who have traveled in the particular region which it is proposed to enter, or with merchants who have done business there.

19. Regardless of the method selected, what are the best means of co-operating to insure the largest volume of sales?

- 19. (a) The best kind of co-operation with foreign merchants is service; effective American methods of high grade merchandising will go a long way to meeting foreign competition.
- (b) Take the same interest in a foreign field that you propose to work as you would in a highly desirable domestic market; prepare to cultivate it just as intensively and to look after it as you would American territory.
- (c) Adapt your advertising matter, etc., to the requirements of the foreign market; you will find that it is as highly, if not more thoroughly appreciated than at home.

20. How can I learn if it is necessary to make any changes in my product in regard to size, appearance, packing, etc.?

20. (a) The salesman or local agent will quickly inform you regarding the necessary changes; be sure to take his suggestions into consideration.
- (b) If you succeed in getting a first order from a foreign country ask your customer to make any suggestions that he can regarding the improvement in the appearance of the article, the packing, etc.
- (c) Request that your customer supply you with definite packing instructions with each order.
- (d) Consult the tariff laws regarding the application of duty—whether it is calculated on gross or legal weight; this will be a good indication as to your course of action.

21. If I want to develop salesmen within my own organization how can I aid them in their efforts for self-instruction? What should they study to become most efficient and to be most effective on their first trip?

21. (a) The most successful method of developing salesmen for foreign fields is within the manufacturers own organization. They should be encouraged to inform themselves fully about conditions in foreign countries. This can be done in the following ways:
 - (1) Books of travel, description and history.
 - (2) Articles in encyclopedias.
 - (3) Descriptions of countries in commercial geographies.
 - (4) A thorough study of maps, folders, etc.
 - (5) Books on exporting, etc.
 - (6) "Commerce Reports"; export journals, trade papers, and magazines which specialize in the territories to be developed.

22. If salesmen are sent to a territory, what kind of advance work by the house will enable them to compete most successfully?

22. (a) Advance letters announcing the coming of the salesmen.
- (b) Catalogues, folders, etc., in the language of the country.
- (c) Advertising novelties, such as used in the United States but adapted to the peculiar conditions of the country which it is proposed to work.

23. How can I decide what will be the best sized territories and

what will be the strategic centers from which to work; also the routes to follow in traveling?

23. (a) Consult the map—get a thorough idea of the extent of the field.

(b) Analyze the transportation facilities by consulting the various statesmen's Year Books, atlases, "Exporters Encyclopedia," etc.

(c) Read the books that have been written which contain chapters devoted to the question of territory.

(d) See the publications of the Bureau of Foreign and Domestic Commerce.

(e) Read the consular reports and reports of special agents, even though not directly referring to your particular trade; the latter will give you some side lights upon real conditions.

24. What are the best sources of general information regarding export matters?

24. (a) Works relating to the principles of exporting, either general or specific; examples, Hough's "Practical Exporting"; Filsinger's "Exporting to Latin America."

(b) The year books of countries, such as Argentina, Brazil, Mexico, China, etc.

(c) Exporters Encyclopedia (relates particularly to shipping routes, preparation of documents, etc.)

(d) Government publications in general.

(e) Foreign trade journals.

25. What use is advertising in developing foreign trade, and how can it be used to best advantage?

25. (a) Advertising is highly effective in developing export business, providing that it is properly used and adapted to the foreigner's point of view.

(b) It can be employed either for obtaining specific inquiries or for general publicity; the latter is frequently helpful in a subtle way to inspire agents, salesmen and merchants.

(c) Advertisements in foreign trade journals, if properly written, may produce specific inquiries, to be followed up.

(d) Newspaper advertising in Latin America will help to increase sales and aid the merchant to move stocks of American goods; in planning newspaper campaigns,

agencies which specialize in foreign advertising in a given country should be consulted.

26. How can I arrange to sell goods safely and still extend credit to foreign buyers? Would trade acceptances answer?

26. (a) By investigating the credit of the foreign buyer; substantial merchants abroad are as much entitled to credit as substantial American houses.

(b) Have your agents insist upon clear understandings with customers regarding terms, shipments, deliveries, etc.; if you do your part you will find that the foreigner responds very fully.

27. Is it possible to make shipments to foreign countries against drafts which are sent For Acceptance? If not in all countries, in what countries is it possible?

27. (a) In the case of many articles, drafts against documents are the invariable rule. This practice can be extended.

(b) Merchants who insist from the outset in doing business against acceptances will generally have less trouble to enforce this than when credit has already been extended on open account.

(c) It is difficult to specify the countries where acceptances are not general. In Latin America, many buyers in Mexico, Cuba and Porto Rico, do business on open account. In South America the acceptance is far more general.

(d) A draft made against documents and sent for acceptance is desirable because it fixes the date of maturity and can easily be realized on by the shipper whose own credit is good.

28. Can the Parcel Post be used advantageously in doing business with other countries? If so, how can the most be gotten out of this method?

28. Yes, the Parcel Post can be used to very good advantage. It is employed chiefly for the following:

(1) To send samples, for the purpose of developing trade.

(2) To countries where transportation is a difficult matter the Parcel Post is used extensively by the merchants; it also serves to expedite the clearance of shipments and saves brokerage fees.

(3) The mail order business direct with consumers can be

developed very successfully; in many places it is already used very largely.

29. What is the best time of the year to visit foreign countries? How can that be learned?

29. (a) The best way to learn the most appropriate time for visits is to write merchants who handle the particular goods it is proposed to sell.
- (b) Letters may also be addressed to American consuls concerning this matter, so that they may make inquiries.
- (c) For certain parts of the world, notably Latin America, the government has already compiled this information. (See Commercial Travelers Taxes in Latin America.)

30. How can I make the most practical use of the facilities of the Bureau of Foreign and Domestic Commerce?

30. (a) If you are near a branch office of the Bureau, consult with the agent in charge.
- (b) The Bureau publishes a pamphlet descriptive of its work and showing just what its facilities are. This is free for the asking.
- (c) Read "Commerce Reports"; send for special agent's pamphlets, handbooks relating to various countries, etc.

31. How can I learn about the customs, conditions, etc., of the people to do business most intelligently?

31. (a) Consult with the consuls who represent the various countries, in your city or vicinity.
- (b) Read the books relating to the different countries, a list of which you can obtain in any library.
- (c) See articles in Encyclopedias, etc.

CHAIRMAN HERR: In order to get started, I shall read Question No. 1, "How can I learn what countries are best suited to make a start for the sale of my goods?" Will somebody rise to answer that question? Now, there are a number of answers printed in this paper, but we will disregard them entirely, and hear from any member who wishes to discuss this question. The Secretary will read the answers that are printed on the paper.

(Secretary Rose read the answer.)

CHAIRMAN HERR: Is there any comment on that suggestion?

MR. OWEN GATHRIGHT, of Harbison & Gathright, Manufac-

turers of Harness, Saddles, Collars and Strap Goods, Louisville, Ky., and representing the Louisville Board of Trade:

Being a manufacturer in the leather industry, of saddlery, harness and other leather goods, I have made inquiries through the Bureau of Foreign and Domestic Trade, Department of Commerce, and have gotten some good information as to foreign trade, but one defect about the information is, as related to my particular industry, that there are not a sufficient number of classifications. For instance: There are many lines in the leather industry, and the trouble is that the classifications, ours as well as foreign, do not enter into enough detail. You will find, in most Latin American countries particularly, that all of the manufactures of leather are classified under the head of "LEATHER and Manufactures thereof," and a man engaged in manufacturing harness and saddlery, or in the manufacture of boots and shoes, would be at sea, so if it meets with your favor, I suggest that we adopt a resolution that through our consular agents and commercial attachés throughout the world there be secured as complete a classification in detail as possible. In fact I think this organization should go further and probably suggest a form of universal classification of manufactures in all lines, not only in metals or leather, but classifications that might be adopted by all nations. I think in some foreign countries such a step has been taken, and for the benefit of American manufacturers, and particularly the smaller manufacturers who may wish to reach out for foreign trade through some of those co-operative agencies and trading companies which have been mentioned here. It will be of the greatest benefit in the world to our smaller manufacturers to know in detail the goods that are imported in their respective lines. Now I am referring not alone to American exports but to imports into those countries from whatever part of the world they may come. I have recently been in South America and to my very great surprise and gratification the Director-General of Commerce and Industry of Argentina was able to present me with a book, nicely bound in cloth, in English, of all of the imports and exports of all classes for the year 1914, and with some countries for 1915. I presume all that information is in the hands of our Department of Commerce at Washington, but as I say, it does not subdivide under a sufficient number of heads the different classes of goods. Frequently they will have simply "Metals, and Manufactures thereof." That doesn't mean much to the man that makes steel bolts or cutlery. I presume you get the

idea. A great many of you will be disappointed in the information you get, as reports are made up now.

CHAIRMAN HERR: Is there any representative here from the Bureau who can reply to Mr. Gathright's suggestions? They are certainly very good. If not, Mr. Gathright, will you present a resolution to that effect?

MR. GATHRIGHT: Well, I move you that it is the sense of this conference that the Bureau of Foreign and Domestic Commerce of the Department of Commerce, or the proper department, be requested to instruct the consular officers or agents of the department to give not alone the exports of those countries but, in securing the imports of all countries where we have consular representation to get the information as full and complete as possible with detailed classifications of all manufactures, not only under general heads, but in the fullest details.

CHAIRMAN HERR: Is the resolution seconded?

(The resolution was duly seconded and unanimously carried.)

MR. H. K. MULFORD, of H. K. Mulford & Co., Philadelphia: I wish to offer two suggestions relative to securing reports which might embrace the request of Mr. Gathright for more complete information.

The first is, that the individual members in attendance at this conference should memorialize the Department of Commerce, Department of State and Treasury Department to increase the number of commercial attachés.

I speak of this particularly at this time because the duties of our foreign consuls during the tremendous conflict now going on in Europe means our consuls are unable to give information needed as their time is practically taken up with the details of their offices.

The importance of the assistance our Commercial Attachés can give to the American exporter and manufacturer cannot be overestimated.

The second suggestion is that the appointments of the commercial attachés should be largely based on the business experience of the applicant and not to applicants who could probably qualify for college entrance but with no practical business experience. [Applause.]

MR. EDWARD J. W. PROFFITT, representing the Proffitt-Larchar Advertising Corporation and the Providence Chamber of Commerce, Providence, R. I.:

Supplementing Mr. Mulford's suggestions I will state that the

United States Chamber of Commerce has just sent out to its members a report from its committee on the Department of Commerce in which statements are made that recent conditions has so burdened the official staff of the Bureau at Washington that it is apparently unable to take care of the work, and they have asked the members of the United States Chamber of Commerce to urge their representatives in Congress to have Congress make additional appropriations to take care of the detail work in the offices at Washington.

CHAIRMAN HERR: We will continue the reading of the questions, in order to bring this subject before the meeting.

(Secretary Rose reads answer to question 1.)

CHAIRMAN HERR: In connection with this, gentlemen, I think I might explain, following Mr. Gathright's remarks, that the export statistics are mostly gotten up through the custom house, and I understand the Department of Commerce is at all times willing to consider making further classifications. Of course, the subdivisions of the classifications, I believe, are governed very largely by the amount of the articles there are exported. I think that this recommendation is in very good standing.

MR. T. O. VILTER, representing Merchant and Manufacturers' Association, Milwaukee, Wis.: The Pan-American Union, of Washington, might be able to give a great deal of information on the twenty-one American republics that they represent. I think they could give some very valuable information on that proposition.

CHAIRMAN HERR: It is to be regretted there is no representative of the union present. I understand there are several here at the Convention, and if any is here we will be glad to hear from him.

MR. E. J. GILLAN, of the Pan-American Commission Corporation, New Orleans, La.: In looking over the items shown in Group Three as Problems of the Smaller Manufacturer and Merchant, such as credits and credit information, direct foreign selling, packing, collections, etc., let me say to the manufacturers and merchants in the Mississippi Valley that there is in process of organization in New Orleans, the Mississippi Valley Latin-American Association. Upon the completion of this organization, which may be within the next sixty or ninety days, there will be two hundred agents sent all over Central and South America. In addition to that, there will be a permanent exhibi-

tion, with a sales force, and it is the idea to bring the Latin American merchant to New Orleans and there sell him goods. It is also the idea to establish reliable steamship service to every important port in Central and South America, and again, to buy the raw products in Central and South America, giving us full cargoes in both directions. Now, I don't represent that Association, except that the Pan-American Commission Corporation has given out that it is in favor of this Association and the Pan-American Commission Corporation has established a forwarding and importing department to take care of all the details of the import trade and export trade for the merchants and manufacturers.

CHAIRMAN HERR: I will have to ask you to limit your remarks—you are talking a little bit off the subject.

MR. GILLAN: I just wanted to say that if any merchant or manufacturer is interested he could communicate with Mr. L. C. Browne, President of the Mississippi Valley Latin-American Association, 310 Interstate Bank Building, New Orleans; and I think quite a few of the principal problems here will be eliminated in the development of export trade.

CHAIRMAN HERR: We will now proceed to the second question. The Secretary will read the balance of suggestion one,—G and H—and number two, A, B, and C.

(Secretary Rose read Question 1, answers (g) and (h), and Question 2, answered (a), (b), (c).)

MR. H. H. WILLOCK, Secretary and Treasurer, Waverly Oil Works Co., Pittsburgh, Pa.: Must we confine ourselves simply to these methods? If other methods have succeeded, are they of interest?

CHAIRMAN HERR: Any other method on the question will be very interesting.

MR. WILLOCK: I might give you some of my personal experiences that have succeeded with a small oil manufacturer. We are independent oil men, and most independent oil men are little. [Laughter.] About ten or fifteen years ago we went into this foreign trade business. We did not know how to do it. We first wrote to the Philadelphia Commercial Museum. They send us a bunch of inquiries every week. I never fail to get from eight to ten. That service costs \$100.00 a year. I am not their agent. [Laughter.] We then got a list of foreign buyers. The Philadelphia Commercial Museum furnished most of that. Advertising in foreign papers, offering to give a book of three or four hundred

pages free, got the rest of them. Something free always brings inquiries. We send those people every month a price list. Nothing talks like the price; that is the first question a man asks, "How much?" We got good foreign business, at good prices. We had no trouble getting the goods over there and getting the money back. We sent those monthly price lists to people who for years never deigned to reply, but when the war started their lines of communication and sources of supply were all broken up and we got lots of business. If we had a few more ships we could sell a great deal more than we can now. [Applause.]

MR. SIDNEY M. PHILLIPS, of M. Phillips & Co., San Francisco,, Exporters, Importers, and Millers of Rice, exporting to Porto Rican, Cuban, South American Points, Hawaiian Islands, and Canada and throughout the United States: With regard to our experience in finding proper representation in foreign markets, and in South America especially, I will relate a few of our trials.

We have had a number of inquiries from Mexico and South American points for our product, viz., milled rice, our business being Rice Exporters, Importers and Millers of both domestic and foreign rices, and we are the second largest dealers in rice in the United States.

About a year ago, a representative from Mexico called on us with a proposition to install a permanent exhibit throughout Mexico, Central and South America, and in conjunction with us, several other large firms on the Pacific Coast, viz., the Italian Swiss Colony, one of the largest wine companies in the United States, and Albers Bros. and several others representing different lines, making in all ten firms with whom this particular representative started finally on the propaganda, supposedly under the supervision of the Mexican and South and Central American Governments.

His proposition was to make up a line of samples, literature all printed in Spanish, and express them to different ports at which he expected to call. These samples of products manufactured by the different companies were to form a permanent exhibit in each town with full details as to packing, prices and quality.

The ten firms each paid \$300, making a total of \$3,000, but the result was very disastrous, as the representative took all of our good money, and produced absolutely no results.

Our next move was to apply to different banks securing information from them as to buyers in their respective districts, who were interested in our particular lines. We were accorded prompt

replies and courteous treatment by all of the banks with very satisfactory information, especially from the larger New York banks. This information we followed up, but without result. We corresponded with all of the buyers whose names were given us by the banks, but we finally found that by getting in touch with the larger buyers and asking them the names of responsible people who would act as brokers for us, we secured the most satisfactory results. Most of these brokers being citizens of the different republics, could speak the language and knew the customs, and this proved to be the most satisfactory method of getting our goods established in these countries.

The most productive results, however, were obtained by bringing men who knew conditions, the language and customs of their respective homes, to our mills, and instructing them in each line, as to what we had to sell, how it was packed, the capacity of each, standards, and facilities for handling large volumes of business.

On their return we obtained exceptionally good results, and on terms which were satisfactory. All of our goods were sold on a net f. o. b. basis, cash with order, the money being telegraphed as soon as the order was confirmed by wire.

Our one great difficulty in exporting has been a serious lack of ocean tonnage, especially sailing under the American flag. We were compelled to ship part way by American steamers, and then to transfer the cargo to steamers or lighters controlled by foreign countries.

One instance in particular illustrates the seriousness to the exporter and prospective exporter of the lack of American tonnage.

After confirming sale of 200 tons, the money for which had been telegraphed to our local bank, we proceeded to pack our rice in special double gunnies, marked with metric weights for export, but we found a new difficulty. We had reserved space with the Pacific Mail S. S. Co. at San Francisco, and secured permits from them. Our goods were accepted and were loaded on the ship, but when we applied to have our bill of lading signed with the signed permit attached, this was refused on account of telegraphic advice from their New York office to the effect that the parties to whom we were shipping the rice were supposed to be Germans and were on the blacklist, supposedly published by the English Government. As a matter of fact, consignees were Swiss living in Chile.

On account of the refusal of the steamship company to sign bill of lading for fear that they would be blacklisted, we were obliged to unload our goods for fear that we would be blacklisted also. We then notified the bank to telegraph the money back to consignee.

On investigation we found that the American line had to transship to an English line who also controlled the lighters into this port, who in turn would have refused to perform this service had we insisted on shipping our goods.

This is certainly a very striking illustration of what the American exporter has to contend with when he cannot ship his goods under his own flag.

Gentlemen, I thank you.

A DELEGATE: The secret of the smaller manufacturer and the merchant is *co-operation*. Let us get over the idea that our competitors are going to interfere with our future. We ought to get together with our competitors and then let the best man win. That is my idea of how we are going to do this export business effectively.

Second, is the question of packing. No one of us would dare take our merchandise to Chicago and say to a buyer, "There it is; that is the way we do it up; take it or leave it." You never can pack goods until you know how to do business. The foreigners are in precisely the same condition. And yet we think it strange we don't do a foreign business.

The third factor, which I think is more serious than any other, is the question that we don't think the foreigner knows anything, and we slide along in our old way and then wonder why we don't build up our foreign trade. From my own connection, we think the firm or manufacturer or merchant who does a thing of that kind reflects on every other man attempting to do export business. They get the idea of our methods of doing business from the worst merchants, not from the merchant who tries to do well. It seems to me that we should be scrupulously careful in our business relations with a foreign merchant, and that we go out of our way, even at a greater expense and less profit, to establish confidence with the foreign buyer. I think our main difficulty will then be over.

MR. GEORGE L. LEWIS, Lewis Electric Welding & Mfg. Co., Toledo, O.: You want to know how to do business with South America? Co-operation is the solution of the proposition. In order

to do that, you have to clip the wings and tail feathers of the Sherman Law and get together, and let the smaller manufacturers of this country get together in a combination and establish agencies. You have to show those people what you have. I am speaking from experience. I have been in that country for four years. Get your stuff down on the shelves, and co-operate; each man paying his pro rata share of expenses of moving them down there. Perhaps there will be a thousand of you. Get co-operation, and get those shelves of exhibits there, and you will get the business.

In every city of any size there is an English and a German bank, and the larger cities have German, English and French banks, frequently two English banks. The English bank predominates. These banks finance the business there the same as our banks do in this country. And for these reasons you can readily understand why our American exporter is handicapped, as I said previously, on account of being forced to do business through his competitor, and must permit his competitor to deliver the goods that he has sold, and paying his competitor a higher rate of freight than is paid by European countries. We must have banks in those countries for pure business. If they are gone into with speculative tendency they will fail. Those people have told me many times they want our money and our experience, and any Company going into that country and co-operating with those people cannot help but do well. But we must have a merchant marine of American bottoms, carrying the American flag at the foremast instead of the stern of the vessel, as is the case where foreign vessels are carrying American mails. A few short years ago the only time you saw the American flag on the high seas or in ports was at the stern of some foreign vessel contracted to carry American mails; except in rare instances you might find some American naval vessel or pleasure yacht. With the American flag floating over thousands of American bottoms, and American banks in South America, we can defy competition of the world.

MR. JOE MITCHELL CHAPPLE, Editor *National Magazine*, Boston, Mass.: It seems to me there is another angle to this that has been overlooked. There is nothing more effective than bringing a man to your own place of business. This was emphasized when we entertained in Boston the delegates of the Pan-American countries. After they had been in this country they caught the "*spirit*"—that is the one thing that has been overlooked in all this mass of figures.

The first thing that must be impressed is the real spirit of America, for they can carry that back to their own countries. It seems to me that while the propositions discussed are all essential and necessary, it would be more telling to bring from foreign countries the bright, energetic, intelligent young men, who come with wide open eyes into this great country of America to see and learn. Let them remain here for three, four, or five months; then let them go back—and they will carry the message better than any American could carry it.

What is it that created the Republic of China? The sons of China who had attended school in the United States, who had lived here, carried the light of democracy back to their own country. What was it caused King Albert of Belgium to send out a proclamation addressed "To My Fellow Citizens"? Because he was in America in 1898 and in his mind were germinating some of the principles that prevail in this country. During his visit he wanted to learn about American business, American ideals, and when the black cloud broke over Europe his proclamation was not couched in terms of royal mandate, "To My People"; but "To My Fellow Citizens." King Albert had felt the spirit of America; had carried it back with him to Belgium, and it bore fruit in that proclamation.

It seems to me that if we can bring the boys of South America and of Europe to this country for even a brief residence, they will become agencies that will make American foreign trade blaze with the spirit back of it—the spirit of America. When we send that trade-mark of ours to a foreign land we want to uphold it with our highest ideals and integrity, and make our country stand for all those pictures that have been given us to-day. Then we will not have to influence them, by trick, or cajolery or anything else, to buy American goods, because American goods will reflect the honor and integrity of the flag. [Applause.]

MR. MICHAEL DOYLE, President, International Pulp Co., New York: I wish to say just a few words on direct foreign selling. I wish to tell you that I am saying this from an experience of almost thirty years, our special line being canned and preserved fruits, as well as some incidental lines.

I want to say to you that for the small manufacturer seeking to enlarge his foreign business there is only one method, in my opinion,—that is, to go directly after the trade. You may go through the various commercial museums, or seek the aid of the commis-

sion merchants of the great cities, but you will find in the end—after you have made up your mind to get that business—and are imbued with it strongly—that if you will go abroad yourself, or send your men abroad that have a thorough knowledge of your business and are good business men in their own country, and if they understand the language of France, or Germany, or the Spanish countries, that they will do more in the way of creating business for you than you can get in years out of the many channels that trade comes from at the present time.

The matter of obtaining business, particularly in Europe and South America, is based very largely on business confidence. They want to know the people they are dealing with. They want to know the principals, the men that are going to fill their orders, and give them credit when they go back to their native land. They want to talk to him about their requirements, and they do not care to meet the ordinary traveler who has merely samples and an order-book and takes down their names and references and prices. They are desirous of meeting the principals of your firm, and I will tell you that the men who have visited the leading merchants of France, Germany, Switzerland and Austria, after they have talked with them and learned their wants—they are just as ready and willing to accord them credit as any one in this country. It is a matter of confidence on their part.

The reason we do not give more credit is because we do not understand the conditions existing in those countries; we do not understand the resources and volume of business they do and the honor which they have in their business transactions. They do business largely on honor. They like to feel that if they give us an order frequently based on conditions which require payment before the goods leave here, that we will do business on honor and will not take advantage of their distance, and that we will supply the same standard of quality and the same good service that we furnish to our domestic trade. If we will do this then we will develop a business that is lasting, that will expand, that will be valuable, and accrue to the advantage not only of ourselves but to the purchasers also; and I want to tell you gentlemen that if you desire to build up a lasting business it must be on this basis. If you are going to do business of that kind, give them good service and give them goods on which they will make money, because if they cannot make money on your goods they will not trade with you.

I wish to mention just a little incident in connection with for-

cign shipments. In 1885 I made a personal visit to France. I spent about three months there and went from one end of the country to the other. I met a number of the largest merchants and got in friendly touch with them, and I told them of our desire to enter into business relations with them, what we had to offer, and that I came there to see how we could serve them in the best manner; and the result was that I secured information that I never could have obtained through the usual channels. The result of that visit was that it brought to Western New York a volume of business that in two years reached three-quarters of a million dollars, and that was absolutely new business, and it remains there to this date and has grown in importance and volume. That might have come later, in the years to come, but because I went there, and repeated my visit, the effort was intensified, and we secured very satisfactory results.

I wish to say to you that if you want this business, go after it personally; do not depend on a commission house; do not depend on an ordinary man who has fifteen, twenty, or fifty accounts, or who represents forty or fifty different concerns. How do you expect he is going to give proper attention to your business? He will push only that item which pays him the most. Go after that business in the American way and meet them and talk with them and find out what they want, and when you come to know them you will give them all the credit to which they are entitled, and business will be not only a pleasure, but profitable to both sides.

MR. P. L. GUITERMAN, Guiterman, Rosenfeld & Company, New York, Exporters to Great Britain and Colonies (principally Australia and New Zealand), Continental Europe, Japan and China and the Far East generally, Argentine and Chile: Just one or two points. I think all that the last speaker said was well taken. The only thing was that I understood that this discussion was in regard to the smaller merchants and manufacturers. Now, the last speaker stated that the only way to get that business was to go after it directly. Well, there are a great many countries in the world, and if the manufacturer is ambitious and wants to build up a business in a good many countries in a reasonable time he cannot possibly go to all of them himself. He might go to some of them. If he attempts to visit all of them, that would take thirty or forty years. Also, the discussion seems to be very largely about South America, and I want to say that there are a

lot of other countries besides South America that have to be taken into consideration.

The last speaker spoke about export commission houses handling fifty lines. There is sometimes a little mistake made in speaking of the export commission houses, because in many respects that has become a misnomer. Many manufacturers believe the export commission house is a firm that stays in New York and accepts orders and doesn't bother about them any more. There are, however, a number of commission merchants who have their own branches in certain countries. If the manufacturer wants to go direct—say he goes to France or England and Argentine—he cannot go to each of those places very well. On the other hand, supposing he has made an arrangement with an export house that has its own office in England, France or Argentine and has its own travelers that really takes an interest in his line. We will say that in five years that manufacturer might be doing business with forty or fifty countries through several export houses—not one—because one would not do justice to everywhere, and he might get business established in five years in the principal business centers of those countries which it would be impossible for him to do himself. There are different lines that have to be treated differently. Some lines are large enough to pay the manufacturer who is his own traveler to go abroad, and others are not. I merely wanted to bring that to your attention because I noticed, first from the last speaker, and second from some of the other questions and answers,—I don't think the printed matter here quite does justice to the export houses. They simply speak of them as export commission houses. Some of the large commission houses in New York will take an interest in the business and look after it at their own expense and in a very desirable way; but I do take issue with the last speaker in that respect. I don't think the manufacturer of any articles—except the very largest ones—can build up within a reasonable time as big a direct foreign business as can be accomplished if he uses, with good judgment, these facilities.

CHAIRMAN HERR: I will have to ask the convention to excuse me, as I am called away on a matter which I cannot forego, and I am going to call to the Chair Mr. H. K. Mulford, President, H. K. Mulford Co., of Philadelphia. Mr. Mulford, will you take the chair? The discussion is extremely interesting, and I know there are a number here who wish to talk on this subject.

MR. J. B. IVES, representing R. Martens & Co., Inc., of New

York City, Manufacturers' Agents in Great Britain, France, Russia, Belgium, Holland, Manchuria, and Mongolia: I want to emphasize what one of the speakers has said, but especially in connection with Russia. The small manufacturer attempting to send his own representative (and especially an American representative) into Russia, would be doing almost fruitless work, because of the Russian methods of doing business. In the first place, he must become personally acquainted with the Russian before he can talk business at all. You cannot approach him as you do the American business man, by simply sending in your card. You must be known, and I think it is almost essential, where you are a large manufacturer, even though your product may have been sent into Russia via Germany in years past. You may have the most expert salesmen in your particular line who would make great headway in this country but would secure no audience whatsoever in Russia; whereas, a salesman who might not be so expert in your particular line, but who possessed the acquaintance of the purchasing population of that country, would far exceed the other man.

MR. G. H. NEIDLINGER, President, Peerless Tube Company, manufacturers of collapsible tin tubes, such as are used for tooth paste, dental creams, etc., doing business with most of the South American countries and some few in Europe: I have heard some of the methods that have been touched upon this afternoon and I am surprised that some others have not been mentioned. In my experience, I first made a study of the field I wanted to cover, then I placed some advertising in some of the trade papers going into South America because that was likely to be our best field. I did that for two reasons. Such papers give you trade lists which are very important, then they translate your inquiries and your answer which is also exceedingly important.

I first tried translations through high school teachers and found that while they used excellent language they did not know such trade terms as f. o. b. and c. i. f.

Then I went to the Bureau of Commerce and Labor and they furnished me names of persons doing business and several directories. Next I went to some of the banks, for by that time I was beginning to get answers to my advertisements, and it was necessary to check up commercial ratings of the men who might inquire. I found that banks, like the National City of New York, were glad to go to a great deal of trouble to give commercial reports on these men.

Meanwhile, I had sent out letters to the various commission houses telling them I was anxious to do business, explaining the line, giving them catalogues with all dimensions in metric measurements, and also offered them the usual commission. The result of these four or five lines showed very rapidly and began to bring business to us. I believe the most satisfactory business is through the commission houses because you get your money within ten days.

Of course, it would not have been wise to do business that way unless you had a good product, unless you follow the one idea of giving them exactly the thing they wanted. I did not think that if the customer wanted a pink and green, it was a frightful combination of color, but gave it to him because it was what he wanted, and if you do that and pack your goods in the proper manner, pay attention to the little details the same as you do in America, you will get export business and get re-orders.

MR. FRANK H. TAYLOR, President, S. S. White Dental Manufacturing Co., Philadelphia, Pa.; member, National Foreign Trade Council: Gentlemen, no one has spoken to the question, and, therefore, I think it ought to be done. The question related to the selection of men as between those who knew the goods and those who could talk the language. Broadly speaking, gentlemen, there is no question about it. No one can effectively represent America that don't know the goods. I have sold goods in Russia and got along fairly well, simply because I knew about the thing I had to sell. The fact is, we have to tell the precise truth about our goods and live up to the representations made for them. There are great difficulties in bringing to the United States young people from abroad, and training them in a field with which they are entirely unfamiliar, and then expecting them to go back and be satisfied to work for you. Their training is their own property. They become more valuable to some one else. They live here under conditions that they are not familiar with, and are likely to get into a lot of trouble and bad habits. But, broadly speaking, what has been said of international friendships and international knowledge and individual touch with the foreigners that we deal with is most important. The effectiveness of our relation with them is after all a question of character. It is a vital thing to have our customers visit us and should be arranged for at the first opportunity. This country's business will grow rapidly if we bring buyers here, and entertain them properly.

Russia appears to be a peculiar field, but they are an exceedingly intelligent people. Gentlemen, we have no business going

into a field where we are simply trying to be the party in that field who makes the lowest prices. American genius, if it can only be presented, offers goods that are bought on their merits and not always on price; the foreigner will pay the price if they can understand what the goods are. There are certain things created in this country which are so vital to all the world that they are glad to get them, provided the man who presents them will explain them. The question of language is this: If we have men in this country fit to handle those affairs in foreign countries, they will learn the language in time.

MR. ROBERT E. CLARKE, representative in Russia for American manufacturers, New York City: Mr. Chairman and gentlemen, I am in rather a unique position at this meeting, inasmuch as I am not a manufacturer, nor am I connected with any export house, although I expect to go to Russia in the near future in the interests of a small group of American manufacturers.

I was general manager of a large machinery importing house in the Philippine Islands for a number of years, and, based on my experience in that position, I may be able to say something which will be of interest to the small manufacturer. In my opinion, the best way for a manufacturer to secure business in a foreign country is to maintain their own office there, but as we know, this is usually too expensive for the average small manufacturer, especially at first, when the trade possibilities for his particular line are unknown. The next best method is to have a traveling representative cover a certain territory, possibly including several countries, and handling a number of noncompeting lines to lessen the expense to each manufacturer. It may be necessary to establish exclusive agencies with well established houses in some countries, but in all such cases your own representative should exercise a certain amount of supervision over the account. Long established companies which are sound financially are able to extend long time credit based on their knowledge of the country in which they are doing business. The granting of extended credit is essential in most foreign countries, especially where agriculture is the principal industry. When the natives of these countries become accustomed to the manufactures of one country it is difficult to get them to use those of any other. In the Philippine Islands we came into competition with both English and German manufacturers, and it is rather interesting to know that the Filipinos, in a number of cases pre-

ferred the goods of the latter two countries, even at higher prices than those of American make.

Manufacturers are sometimes disappointed at the volume of business they are able to secure from firms who have been granted their exclusive agency, and supplied with complete catalogues and price-lists. As a general rule export and import houses in foreign countries have too many exclusive agency agreements and cannot give each line the proper attention unless it promises to be a good seller without much sales effort. This is one of the reasons why I believe it would be to the advantage of manufacturers to have their own representative visit the country in which they are doing business, at regular intervals.

There is just one matter that I desire to mention which I believe shows the necessity in this country for not only co-operation between the small manufacturers, but also between the manufacturers of raw and finished products. Last spring at the opening of a Government bid in the Philippine Islands for two crude oil engines for use in a government school, the lowest bidder was an English manufacturer, both in price and quicker delivery. After strenuous protests to the officials at Washington against awarding the bid to an English company our firm, who was the next lowest bidder, was informed that they would be given the contract for the engine provided we could deliver within at least two months of the English bid. The manufacturer we represented had an engine practically completed without the main shaft. The manager of the foreign department and myself spent days in trying to persuade some of the many steel manufacturers to make a special concession in the delivery of a shaft, and it was only after the engine manufacturer had agreed to pay an enormous bonus that we were able to get delivery of one within a reasonable time. Even then the English manufacturer was able to make delivery of the engine that was awarded to him months before ours. Because foreign governments have so monopolized the output of our raw material factories, our own manufacturers of finished goods are handicapped in securing a sufficient volume of raw materials and the foreign merchant is able not only to hold but to increase his export trade. In order to secure and hold our export trade there must be co-operation, not only between manufacturers of similar lines, but more particularly between manufacturers of raw and finished products.

CHAIRMAN MULFORD: The next question on which we are to have discussion, "If I could induce some manufacturers to com-

bine with me, what is the best working arrangement to make? How can matters be fixed so that the greatest results can be obtained from a joint agent?

MR. F. S. COBB, Seamans & Cobb Co., Boston, Mass.: We have had an experience that has been very satisfactory to us, where we have been able to combine a knowledge of the language and of the goods. We had been doing business in South America through an exporting house, but this was not satisfactory, because we were in competition with houses who were selling direct, when a young commission man in the Argentine came to us, telling us that he had heard a great deal about co-operation at this end, and if he could secure our line to handle direct, he would co-operate with his principal competitor in the Argentine to the end of combining forces, spending a good part of his time while in this country in learning the methods, etc., and securing the goods, while his competitor disposed of them at the other end. He was anxious to secure goods for the shoe trade only. We were very glad to take him up on this proposition, and brought this fellow to Boston, took him to our mills, introduced him to our superintendents, and foremen, so that he could explain to them the necessities for having the goods put up just as the South American man wanted them. He explained to us just what they wanted, with the result that we have been able to put up the goods properly. We have packed them right, and I think we have sold them right. He has a thorough knowledge of the merchant, the language, and the methods of doing business in South America. He spends about two months in South America each year, comes back to us, and gives us the benefit of his experience there.

CHAIRMAN MULFORD: Will Mr. A. D. Level kindly address the gentlemen in connection with this question, "If I could induce some manufacturers to combine with me, etc."

MR. A. D. LEVEL, Export Manager, The Berger Mfg. Co., New York: My general line of business embraces steel in a general way, such as sheets, building materials; and farming materials, such as culverts and silos. I have often placed myself in the position of a man handling the lines of half a dozen manufacturers, because the lines that I do handle are made by several manufacturers, all owned by the same interests. My practice has been in sending out travelers, to select men who have selling ability, and who know the language. The question of acquainting them with the technique of the lines is left to us. We take them un-

der our fraternal care and keep them with us for a good many months, if required, as we find it is easier and more quickly done to teach the men who know the customs and who know the languages of our lines and methods of doing business than to take a man who knows all about our lines and send him abroad and try to make a success of it. In this way we have obtained most of our business. We do not, however, when we send a man out in the field, expect that he is going to come home with all the business that is to be placed. You must be lenient with your men. On his first trip he will be lucky if he pays expenses, but the results will soon come. My method has been, and I think it is the most economical, to establish agencies. The purpose of this man is to appoint an agent in every principal center, taking particular care not to give him too large a territory; in other words, not any more than he can handle. In this way you do away with sending salesmen out every six or eight months. I did not expect to be called upon, or I might have prepared something to say to you, but if there's anybody present that has not been in the export field, and thinks of anything he would like to know, I will be very glad indeed to help him in any way that I can.

CHAIRMAN MULFORD: Now we are considering the point, "If you are combining with other manufacturers in export, what proportion each one would take, and what division of work would be made."

MR. W. J. PORTER, representing A. Kimball Co., New York City, manufacturers of pin tickets, doing a general business with various countries: Commercial travelers returning from the Argentine Republic and several other South American countries state that it was found very expensive to obtain business in these countries by displaying samples on account of the local taxation which in some cities is as high as three hundred dollars for each individual traveling salesman or firm represented. The speaker was on the point of making a business trip to South America but hesitated on account of the expense involved, which in the case of a traveler selling from samples, would possibly be in excess of three thousand dollars, and the chances are I will not make a trip to the Argentine until some arrangements can be made to avoid the payment of these local taxes.

MR. OTIS: Mr. Chairman, there is one important feature that we overlook, and that is that we are smaller manufacturers. We

want to know what the small manufacturer is going to do to start his export business.

MR. J. H. BARRINGER, Assistant Manager, Foreign Business The National Cash Register Co., Dayton, Ohio, Manufacturers of Cash Registers, with distribution in all countries with a coin currency: We are selling our products in practically every country in the world, but necessary changes occasionally confront us with the same problem that the small manufacturer, who is thinking of selling his product in foreign fields, has asked about. In many of these cases we have used effectively the services of our American Consuls. By writing him he will gladly furnish you without cost a list of people whom he believes would be interested in representing you in that country. While he is not permitted to give you any credit information, from the list he furnishes, you can obtain it through either Dun's or Bradstreet's. With this information you are in a position to place your proposition direct before a firm in any particular country.

MR. GUITERMAN: There are so many different classes of goods and manufacturers that almost every man has his own problem. One man may be very successful in a certain way, but "what is one man's meat is another man's poison."

In doing business direct with foreign countries, there isn't only the question of financial standing, because an American manufacturer dealing direct, who has not been to the country himself, will often make an arrangement with a concern in excellent financial standing, but which is the wrong concern for his particular line. There is no cure-all. You must differentiate. All the ways are right, and an intelligent choice must be made of one or more, depending on individual circumstances.

MR. GEORGE E. LONG, Vice-President, Joseph Dixon Crucible Co., Jersey City, N. J.: The Joseph Dixon Crucible Company has been doing an export business more or less for fifty years. At one time the company combined with nine other manufacturers making different lines, and sent a man to Mexico. The result was satisfactory to all the manufacturers. The company had sent its own salaried salesmen through South America, Australia and the Far East. Good business was made, but the expenses were high. The Company now has an agency in London which covers all of that part of the world with the exception of the Philippine Islands. We have found that agency more satisfactory than when we maintained our own office in London with salaried men. To some extent our representa-

tives in London are similar to jobbers, in that they buy at fixed prices and sell at their own prices. In Latin-America we sell through agents on agreed-upon commissions. We also sell to foreign countries through New York commission houses, and when the New York commission houses advise us destination of the goods we credit our agents or representatives with their commission, the same as though we received orders direct from them.

CHAIRMAN MULFORD: This Group Session will be continued this evening at 8 o'clock.

GROUP SESSION NUMBER THREE (Continued)

Thursday, January 25, 1917, 8:00 P. M.

“PROBLEMS OF THE SMALLER MANUFACTURER AND MERCHANT”

Acting Chairman, MR. H. K. MULFORD
President, H. K. Mulford Co., Philadelphia, Pa.

Acting Secretary, MR. FRANK H. TAYLOR
President, S. S. White Dental Manufacturing Co., Philadelphia, Pa.

MR. THOMAS DRAPER, Manager Draper Manufacturing Company, Port Huron, Mich., Manufacturers of Pneumatic Flue Welders and exporting to Norway, Sweden, France, Canada, S. Africa, Mexico, Russia, England, Germany, and various South American countries: I would add just a thought in line with the last speaker. We manufacture pneumatic machine tools for the railroad locomotive shops and do some export trade. Not being in a position to reach this trade direct, we watch closely the mechanical journals for the projecting or improving of foreign railroads and learn what engineering railroad builders are bidding for these contracts, and get them to include our line in this equipment. Then, if the contract is awarded to them, our tools are included in the shop equipment, and this with very little expense to us, except the commission we allow them on the sale of the machines. Another way we get some foreign trade: we attend the large mechanical railroad conventions in this country and make it a point to have our machines on exhibition. Then we learn the names of the foreign railroad representatives in attendance at the convention, invite them to call at our exhibit space and look over our machines. If they are interested, we give them the names of the larger railroad shops in the United States who are using our tools and advise them to visit these shops and see the machines in operation, which is the most convincing proof of their merit. In most cases this is followed by orders direct from these foreign roads without any additional expense, and later by repeat orders.

MR. C. A. RICHARDS, Manager, Export Department, Bowring & Company, New York City: Manufacturers are often inclined to look upon the export commission house from an entirely wrong point of view, and regard it as an unnecessary intermediary instead of an assistance in their business. I have occasionally heard manufacturers state that they wished to keep track of where their goods were going and were afraid if they dealt with a commission house they would be unable to locate the destination of their goods. This is such a ridiculous viewpoint, as no reputable export commission house would refuse to give a manufacturer the destination of the goods ordered and in the majority of cases would not decline to give the name of the buyer as well.

The manufacturer in dealing direct is assuming an unnecessary risk of credit and the trouble of forwarding when he can have this done by the commission house without cost to himself. When it comes to selling goods there is, of course, a perfectly good reason for the manufacturer wishing to send out his own men, and I for one am always glad to see the manufacturer send out his own specially trained men to arouse new interest in his goods and to get new business, and am always glad to co-operate with these men and give them letters of introduction and do everything in my power to help them. If, however, in handling the subsequent sales made by these men the manufacturer deals direct with the customer he is not saving himself anything, but is incurring unnecessary risk and expense. The average buyer abroad is prepared to pay the export house a small commission for their services and as a rule would prefer to have their shipments from America handled by experienced men than to have them handled in a haphazard manner by the manufacturers' inexperienced men.

The manufacturers often expect entirely too much from the commission house in the way of missionary work and expect the commission house to take up a new line and inaugurate a sales campaign without any satisfactory remuneration to the commission house. The manufacturer should not expect the exporter to spend the time and money necessary to push a new line without some proper reimbursement. The province of the exporter lies in that of the shipping, insurance and financing, and in addition where the buyer wants a particular kind of goods but does not know the manufacturer, the export house buys as well. There is quite a parallel between the jobbing house in the domestic trade and the export house in the foreign trade. In both cases the manufacturer

is expected to do his part toward the promotion of his own line. The reputable commission house welcomes co-operation on the part of the manufacturer dealing with it.

CHAIRMAN MULFORD: We will pass to the next subject—No. 6; "If none of the methods suggested seem feasible, could the export commission houses be used? If so what is the easiest way to get in touch with the commission houses and find the right ones for the purpose?" We would like to have some discussion on that.

MR. R. W. GROUT, President, Essex National Bank, and Editor, *Exporters' and Importers' Journal*, New York City: It is possible that I may be able to give you a few suggestions. With the permission of the chair, I would like to embody with Question 6, also Question 8—"Should exclusive sales arrangements be made with export commission houses?"

This afternoon bankers correctly answered your first question as to how to get to a desirable market. Representing the *Exporters' and Importers' Journal* and also one of the largest export houses in the United States, one which has paid out to you gentlemen as a whole a million and more dollars a month in cash for your goods to go abroad, I can state that there is a market for your products and a very good one, and if a so-called outsider can get into the market, what might you not do if you go properly after it yourselves? How much more can you get by working in conjunction with those who know how to get business? The export house does not pose as an expert from a manufacturers' standpoint, but if you will give them correct information they are in touch with the best buyers. If you will put the practical part of the work honestly and in a straightforward way before them they will put the experience of their salesmen to it and pay you cash for merchandise ordered. It must be a mutual and honest proposition to get trade abroad. Answering paragraph No. 6, I will say that I have been in the export business for thirty-five years. The easiest way to get to the export house is to go to that house direct, but do not so do unless you go with the plain and honest facts in regard to your goods. Go prepared to give weights and measurements; tell them how your goods are put up and how you pack them, in what different quantities, etc. Tell precisely the same story that your best salesman uses at home to seek domestic business, and then there is no more trouble than you have with your domestic trade if you put the same common sense principles into it. [Applause.] The trouble is that you send a business card to a merchant twelve or

fifteen thousand miles away and you say to him, "Mr. Jones, if you will cross the ocean and cross the continent and come to my office or factory, if I am in and have the time, perhaps I will show you my goods and tell you what I will sell them for." If you go to him with the facts, with the plain information, so he can figure goods delivered in his store,—if you will go so far as to give prices in pounds sterling on the basis of say \$4.80, putting him in the best position to buy your material, you will get the order, direct, through a bank or commission house as the case may be.

"Should exclusive sales arrangements be made with export commission houses?" Now, there you have a poser. You hear all kinds of stories, all kinds of criticisms, and all kinds of agreements and disagreements. I think I can speak for commission houses as a whole, and I am going to say "Yes" and "No,"—Yes, if the house is in a position to handle your goods; No, if it has no possible chance of doing business for you in its territory; and remember, gentlemen, that the majority of reputable commission houses do not want your agency unless they know, or feel morally certain, that they can sell your goods. Bear in mind that when they do take your agency, in a great many instances before they so do they already know where they are going to procure some orders for your product, and have in mind one, two, three, five or more buyers, in just as many different parts of the world, every one of whom should purchase your goods. Often an agency is taken to protect a customer for you and divide the territory up into such portions as will get the best results out of it. Each house has a different position, some are general, some are specific. The question has often been put that a big house won't take care of your interests and won't bother with your goods. Ten or twelve years ago the large house had its representative and that representative made arrangements with a big importer to buy five or five hundred lines, all purchased in America. To-day, because of conditions in the trade, those same houses have had to establish branch houses and put in salesmen and representatives and they have to follow up their trade because of various kinds of competition. Many importers who buy can openers and monkey wrenches also buy a variety of other lines that the commission houses want to take orders for, and a representative desires to sell the importer just as many goods as he can because it is the volume of business on which the house makes its money. Ten years ago the orders came in two, three or four times a year. They were large. There was plenty of time for you gentlemen to

fill them. With competition steamers have come in, and orders are received monthly. If a house believes that it can handle your goods, and it is a reputable house, it will do its best to secure orders. I don't believe it will take your agency unless it is morally sure that it knows where it can find a market. It is up to you to help get that market, and you can use the commission house in its specific territory and arrange otherwise for a different territory and the aggregate of your export trade will greatly increase in connection with your efforts and those of commission houses handling your goods. Such houses do everything reasonable to be demanded of them and you get your cash in ten days. Call on the commission houses, see each of their departments, but go prepared to give them the same consideration that you would give a jobber across the street or the big dealer down the road. [Applause.]

MR. DANIEL WARREN, Vice-President, American Trading Company, New York:

In reply to your query as to why export houses are called "commission merchants," I would say that when I entered the export trade in 1881 practically all of the goods exported, except to Europe, were shipped in sailing vessels to large importing houses in foreign countries whose business was handled here by exporters on a buying and shipping commission of from two and one-half to five per cent., according to the class of merchandise and the terms of payment.

The change from sailer to steam, enabling a number of the smaller foreign houses to import direct in small quantities, the improvement in banking facilities, the competition of continental exporters, as well as the competition of a largely increased number of exporters in this country and of manufacturers selling direct to foreign buyers, all combined to reduce the exporter's commission to one and one-half per cent. on staple and semi-staple lines, and about two and one-half per cent. on general merchandise.

About twenty-five years ago, the forward-looking commission merchants began changing their methods of doing business. In addition to sending travelers abroad, they established branch houses in Cuba, Mexico, the east and west coasts of South America, in South Africa, Australia, China, Japan, etc. This enabled them to study the local conditions and the European competition, and they gradually changed their way of doing business, so that to-day the commission business forms a very small part of the business of most of the large exporting houses. Nearly all of us still do some

commission business, especially for old clients, and there are some houses who continue to do a strictly commission business. Over ninety per cent. of the business of my company is done as merchants, engineers and contractors. We have been in the export and import business for nearly fifty years, during which time we have sold all kinds of general merchandise and machinery abroad, built and equipped railroads, waterworks, sugar mills, paper mills, electric light and power plants, cement and steel factories. The material has been sold by us f. o. b. and c. i. f., also duty and all other charges paid; and we have taken payment in all kinds of money, also in products of the soil and industry of the countries to which the material has been shipped.

I am glad to see the interest you manufacturers are taking in export trade. There is plenty of room for all, and the more earnestly you go after foreign trade the better will American-made goods become known abroad. No one plan of sales campaign can or should be followed by all, but every available help should be utilized. Intelligent co-operation of the government, the merchant, the banking, transportation, manufacturing, selling and distributing forces of the country should enable us to obtain, and to retain after the war is over, a large share of the world's trade. [Applause.]

CHAIRMAN MULFORD: I think probably it might become the Chair to state that in doing business through an export commission house it is just as essential to select the character of that house as to select the character and capability of the gentleman. Too many complaints are made of commission houses doing business with irresponsible concerns. There is just as much difference between houses as between local business concerns, and the idea is to get connected up with a concern that can take care of the business when it is there and know how to do it.

The next question I think we might discuss is the question of the catalogue problem. We will have to hurry a little more rapidly. Take numbers 10 and 11 and try those two subjects together—No. 10, "Is it possible to do a satisfactory business by catalogue only?" and No. 11, "If a catalogue is used, how should it be prepared and what can be done to insure a proper distribution, so as to avoid waste?" I think those two problems can be very well treated as one.

MR. IVES: As a representative of an export house, I would like to make just a brief statement about catalogues, having in mind, particularly, Russia. It is utterly useless to attempt export trade

with Russia on a catalogue basis alone, especially unless you will give full details regarding weights and dimensions boxed for export. Too many catalogues of American manufacturers are prepared to-day for domestic trade only, without specific information regarding those points. It is, of course, necessary to give as complete illustrations as possible, and also descriptive literature. But I want to emphasize particularly, that weights and measures boxed for export should always be given in order that the Russian buyer may estimate the transportation charges.

There are a number of men with financial backing in Russia to-day who realize that there will be many opportunities in that field, when the war closes. Russia has untold resources in her natural mineral deposits, and agricultural lines, and they are negotiating for the erection of factories for the fabrication of various lines and are making investigations to-day through export houses regarding the character of machinery which can be secured here, and the prices. I might mention an inquiry just received by us for machines for a small candy factory. This is all the information we received. We sent this information out to the manufacturers of candy-making machinery, and they wrote back and said we would have to give specific information as to what machines were required. That means that we have to write or cable back for specific information. A man in Russia may think he can put up a candy-manufacturing plant after the war closes, but knows nothing about the machinery required. We are faced with the problem of getting him prices on machines, and if the manufacturer here would only give him some idea of what he should want, and give him some information regarding those machines, prices, as of to-day,—we realize that the market for raw material is abnormal,—that gives him a basis on which to work, and if you would bear that in mind when inquiries are received by you, that they are probably bona fide inquiries and that there is something back of them, and give the best information you can, much time will be saved and many valuable orders will be secured.

MR. GEORGE J. MITCHELL, National Stamping & Electric Works, representing the Foreign Traders' Association and Chicago Association of Commerce, Chicago, Ill.: I would say that an export business can be built up by the use of catalogues and judicious office work exclusively, and a good business too. I give this from my experience, because in my firm we have done this, and our export business equals more than half of our total business and it has all

been built up practically in about six years. I can also say, referring to the last speaker, that we have also built up a business in Russia before the war so that Russia was our best market. We did this by catalogues through exclusive agencies. We gave them agencies for territory that they could handle to the best advantage. We gave them the best possible prices and made them finance their own business and they paid cash for the orders, and in some cases we shipped S-D B-L. Russia was our best market up to the beginning of the war, and since that time we have done business in Russia without even having a Russian catalogue; so I know that business can be built up by catalogues, provided it is backed by a knowledge of the export business; and that brings the whole subject back to the small manufacturer, and whether he can afford an export department that really knows the export business. I don't think any business should be handled on one particular basis. The export commission houses did a big share of our business. Our experience has been that the best way to get foreign trade cheap was to use the commission houses and to get in touch with prospective buyers by advertising systematically and following this up closely with good strong letters well written and always in the language of the prospect, and this need not cost a great deal.

With regard to the situation about catalogues, I happen to know of one mail order house of the United States that is doing one of the biggest foreign businesses done in the United States, altogether by catalogues, and incidentally, it is an education in foreign trade to read one of their catalogues. They know the foreign business, and it is done in their office.

My suggestion is to put a man in charge of the foreign department in his own office, whose business should be the foreign trade. If the foreign manufacturer is too small, let him combine with others in the same condition and put their lines together in charge of a man who does know the business and pay his expenses and pay him an amount that will enable him to get the business.

Incidentally, I am not acquainted with the exact amount of business that house is doing, but I understand it runs into the millions of dollars, and it is done from a catalogue alone.

CHAIRMAN MULFORD: Here are two questions that can be considered together, No. 13, "What are the best methods of finding salesmen qualified to represent American manufacturers abroad?" and No. 15, "If local salesmen are employed, is it possible to engage

natives, or should only European or American salesmen be employed?"

MR. IVES: I would draw attention to my first statement, that we could not do business in Russia with catalogues alone. I had in mind the German methods of doing business. We specialize in machinery of all kinds. The catalogue is all right; we do business through a catalogue; but a catalogue alone will not suffice because our competitors of all nationalities are going to be there with the articles on the ground and the purchaser is going to take the machine he can get hold of right away. It may be inferior and more expensive, but if he can get his fingers on it, he will take it.

F. P. STIEFF, JR., Vice-President, Charles M. Stieff, Inc., Piano Manufacturers, of Baltimore: I should like to mention one experience which has resulted in one firm focusing its interest upon the Latin-American market. Two years ago I went to Peru on a pleasure trip at which time while I had export trade in mind my house was not in condition to consider it. My trip was a preliminary one to become acquainted with the Latin-American. I did not take a catalogue. It was then no territory in which to sell high-grade pianos. Naturally, however, when I arrived in Lima my attention was drawn to the most prominent dealer. I spoke no Spanish and he spoke very little English but between German and English we progressed. I did not go to sell goods but I experimented with him, trying first to gain his confidence. This I knew could not be done unless he believed absolutely everything I said. I did not talk business with him, except to answer questions which he put to me in connection with our methods of conducting business. I met his wife, a charming lady, visited them in their home and took the opportune advantage of her birthday to acknowledge their hospitalities by means of a visit to the florist.

I later proceeded to Bolivia and on my return, during the day and a half my ship laid over at Callao, we again exchanged courtesies.

Last spring our house received a cable inquiring prices in our line. We had had no correspondence whatsoever with him. We had sent him—by a friend of the speaker's who happened to be going into that territory—some American catalogues printed in English, although I had never heard whether he ever received the catalogues. On receiving the cablegram inquiring prices we cabled; he cabled an order; and we agreed to ship. His cable order read: "Ship immediately, pay freight, insurance, check sails to-day."

Later the check arrived with his letter which read as follows: "I am momentarily without a good selection of good and better and best quality pianos. The American manufacturers are not known by me except through many catalogues, advertisements and in a large measure due to the pleasure I had about one and one-half years ago to have your Mr. Fred P. Stieff, Jr., as my guest and personally with him conversed. The confidence which I had at once in your Mr. Fred P. Stieff, Jr., caused me to write you to-day. By separate letter I send you to-day check for . . . and hope that this sum will be sufficient to cover my indebtedness to you; if not I will send the balance to you on receipt of bill."

That man believed in our firm. No amount of catalogues could have sold him or have been of assistance if he had not believed in us. The catalogue we sent him simply gave our styles. We did not have the exact style he wanted, but we sent what we had and wrote him if the instruments did not meet his wishes in all particulars to ship them back and send a bill for all expenses. We knew he needed the goods and our shipment was sent to accommodate him and not to force stock upon him which was unmarketable. That went as much towards insuring his confidence as anything. He knew it was more than a mere matter of dollars and cents.

Our firm had not given much attention to foreign trade up to that time. It was more or less of a joke when that order came, but when the check came it was different. International conditions permitting, I expect to leave for the East Coast this coming April formally to represent our house.

When it comes to a choice between a knowledge of the business and a knowledge of the language, both are valuable. A knowledge of the business is more valuable but back of that you must have the confidence of your customer. Without that in hand neither a knowledge of the language nor the knowledge of your goods will be of any service to you whatsoever.

MR. GATHRIGHT: I might recite an instance somewhat similar to that which the gentleman just recited, except that I do not think I could have had the same happy experience if I had depended on my own representations. I was introduced by the efficient American General Secretary of the Y. M. C. A., in Rio Janeiro, who had been long enough in Rio to get the confidence of the business people there, and his introduction to people in my line of business brought unexpected orders. I was very leary about it, because our line was not just like the styles they handle there. I could not explain, for

I did not speak the Brazilian's language, but through an interpreter he said, "I am going to give you an order anyhow for saddles." He wrote and handed it to the Secretary, and the size of the order surprised me. When I got home and filled the order, I wrote the Secretary that the goods in some particulars did not conform to the styles I saw at Rio, and asked him to let me know as promptly as possible if they would do. We soon got his letter saying they were delighted with the goods. The National City Bank had good information on him. They had given me names of dealers in my line before I went down there. I called on Dun & Company, and I might say that every report that Dun & Company gets down there for North American exporters is duplicated immediately in New York and is available to any of our people. The net result of this little trip went far towards making me think that we were just as safe in selling goods in Rio as we would be in selling in the U. S. Nashville. The buyer had written in the order: "Subject to inspection at our warehouse." I did not understand it. But the bank said that they were good for ten times the amount, and the result was we got our money promptly. I had made some little changes which I thought would suit their trade better. If you get their confidence you can do just what Mr. Allen of the National City Bank said: "Show them the goods, treat them right, give them reasonable credit, and you will make lasting customers." It is hard to get those people to leave you. I am persuaded that we can do business down there safely, on a reasonable credit basis. I am quite sure after this war that about sixty and ninety days will be the prevailing custom for credits, and not four or five to seven months as was largely given before the war, by some foreign manufacturers, backed by their banks.

Now I am going to revert back to a former subject and say that this collective selling need not be confined to exactly related lines of goods. People down there that sell hardware also sell soap and general household supplies, and what you do want there are American stores manned by Americans. I feel that our people, if made familiar with the conditions, would be ready to take stock in stores down there on the order of "Harrods" English Stores. The department stores are, I believe, going to flourish down there. Nearly all stores now there are foreign owned; they are Italian, German, etc., but mostly English. A German merchant will naturally buy German goods and an American will buy American goods, but you will want to help the small manufacturer to know

how business is done down there. The export agent in New York has his place, and the selling agencies mentioned in these discussions all have their merits, but in the final analysis the business for the American manufacturers will result from their going into it properly and unitedly. I venture to say that there are enough manufacturers in this room to-night to organize a company and raise sufficient capital on moderate subscriptions to start a store in any one of those places—Buenos Aires, Rosario, Rio Janeiro, Sao Paulo, etc., and handle American goods of every nature, and as well foreign goods.

MR. C. A. GREEN, of the Foreign Department, R. G. Dun & Co., New York City: I was very much interested in the remarks of the last speaker, because I have the honor of being connected with that organization in its foreign work and know that question 26, "How can I arrange to sell goods safely and still extend credit to foreign buyers?" and the first answer, "By investigating the credit of the foreign buyer; substantial merchants abroad are as much entitled to credit as substantial American houses." That is an excellent answer to that query, but naturally you want to know how you can best make those investigations. It is certainly a fact that the American manufacturer is going to encounter greater competition in the foreign field than he has ever yet met, and some of our methods will have to be changed. One of them is the antiquated system of "cash in advance." You will have to adopt a more liberal policy, and to extend reasonable lines of credit. There are just as good people outside of the United States, to whom credit should be extended, as there are inside. We have no monopoly on commercial morality.

Moreover, about 90 per cent. of the import trade of any country is done through a few centers, which might be called the strategic trade centers of that country. Some of those cities have been trade centers for centuries, while others are the result of the shifting methods of transportation. A large number of distributing houses at those centers are just as worthy of credit as the distributing houses here at home, and it has been rather a wonder to me that the business men and manufacturers of the United States are not willing to treat those merchants as they treat the same class of merchants here. It is just a question of using the facilities that are at our command for doing just what is mentioned in that program, by investigating those people. Our own firm has already 96 branches outside of the United States. During all the war those

branches have been maintained, although not one of them, of course, has paid expenses. We have just been paying out money to them in large quantities with the idea that, when peace is declared and conditions become normal, the organization is there to give you gentlemen the information that you need if you are going to step into the market and hold any large portion of the trade that has come here as the result of abnormal conditions. If you don't do that, the result will be inevitably that those buyers will return to their old connections, where they have received credit conditions to which they are accustomed. A larger fund of information with regard to foreign houses is at this time on file in New York than can be found in any other one place in the world. It is just a question of you gentlemen following out the suggestions of making your investigation properly and getting all the information you can, whether it be through bankers or others, and supplement that by the regular Mercantile Agency reports. Those people should be treated as you treat your own people here at home. The development of your export trade then becomes simply a matter of salesmanship, which has been discussed here by experts. This is a fact to which I want to call your attention, because a conference of this kind is important not only for talking about what we would like to do or expect to do, but in order to take stock of the facilities now at our command, not those that may be developed in the future.

MR. ROBERT H. PATCHIN, Secretary, National Foreign Trade Council, New York City: I desire to bring a point to your attention which has been impressed upon the Foreign Trade Council. Even in commerce with neutral nations, American exporters do business largely with Europeans. The houses to which you chiefly export in South America are likely to be European houses. That somewhat qualifies the frequent statement that we must adapt our business to Latin-American standards and meet the needs of the Latin-American mind. This does not wholly mean natives of Latin-America. The Latin-American mind is tempered by a certain international mercantilism. Buenos Aires is one of the most cosmopolitan merchandising points in the world. There are in Argentine more than one million Italians, probably seven or eight hundred thousand Spaniards, and large English and German populations. Much business is done according to European rather than American standards, especially in staple products and heavy manufactures. We encounter sometimes the preference of the European merchant

for European goods, but that is by no means the rule. Some of the largest importers of American products into Latin-America are European houses. They are doing business with those countries that they find most advantageous. You cannot generalize, but frequently the German is a truly international trader on his own account, although when German finance enters the project it often becomes highly nationalized and German bankers pull all the time for German manufacturers because the bankers control German manufacturing.

The statement has been made that you must do business in the customer's way. That is likely to be misinterpreted. Some gentlemen here manufacture specialties, articles that find a ready market in the United States because they represent an improvement in efficiency or convenience over others already in the market. These goods have been sold by specialists demonstrating their peculiar excellence. If you can afford to maintain your own agencies abroad for the purpose of intensively introducing your specialized product, or can get specialized service from export houses or through co-operation, you should be able to employ abroad the same combination of efficient salesmanship, advertising, and follow-up that you do at home. You don't always have to give the foreign customer "what he has been accustomed to." You may be in a position to persuade him that your way is the better. But you cannot ship the goods overseas and expect the prospective buyer to find that out for himself. One difficulty about the extension of American foreign trade, particularly by the smaller manufacturer, is that he either lacks the resources or does not attempt to apply the same concentration of effort to his business abroad that he does to his business at home. Some of the countries to which he exports are not up-to-date. They don't have advertising agents and demonstration schemes such as we have here. The last trip I made to South America I found myself on a steamer with a representative of an electrical manufacturing company. At Rio we found that the local electric lighting and gas company was just beginning to develop a large amount of cheap power for day use. The problem was to create a greater consumption for that day current. The local company was doing a fine business in gas stoves, so it placed an order for electric irons which it gave away as premiums with stoves, which led to business in electric toasters, broilers, etc., an entirely new line of business which never would have been created by adher-

ing to established standards. But it required energetic introduction, advertising and systematic follow-up.

There is one gentleman I tried to get to talk at this session, but he is very modest. He lives in Wichita Falls, Texas, and sells motor trucks in thirty countries by catalog. I wish the Chairman would call on him and ask him to tell us how he does it.

MR. J. G. CULBERTSON, Secretary and Treasurer, Wichita Falls Motor Co., Wichita Falls, Texas:

We are doing a large business by catalogue and we have built up that business, started it prior to the war by means of a thoroughly organized export department, in charge of an export man who knew the business.

In selling by catalogue, your catalogue is your salesman and you must dress it up to make its best appearance. It must be intended for the country to which you are sending it. The catalogue should be placed in a suitable wrapper so that it will go through mails which are entirely different from those of this country, and it must go fully prepaid. Too many people make the mistake of sending out letters and catalogues with insufficient postage on, with the result that they never reach the party addressed.

By spending a little more money on your catalogue, you can accomplish excellent work through it. I know it can be done because we have built up a business that is running over half a million dollars a year, and all we have spent is about five thousand dollars in traveling expenses in getting that business. An export department of this kind costs from fifteen to twenty-five thousand dollars a year.

All the letters that go out should be written by men who have some technical knowledge of the subject they are writing about. These letters should be written by men who not only know the language of the country they are addressing, but they should also know the idiomatic language, so that they can express themselves in a way that the customer can understand, and the letter will have to be more in detail in order to save time, because some of those letters are from three to four months on the way.

We are doing business now in some thirty-five countries. It includes nearly every civilized country in the world. A great deal of that business comes back after an exchange of just one letter. We get an inquiry and send a complete statement out and we get an acknowledgment of the letter, and in the course of a few weeks, perhaps by the next boat, an order will come in.

I believe that the whole thing can be summed up by stating that you must have an export manager who thoroughly understands what he is doing, who must be backed up by an efficient body of correspondents that know the various languages so that the letters and literature sent out can readily be understood by the person addressed.

CHAIRMAN MULFORD: There are certain elements of business that I think are recognized as essential. If you are going into the export business you want to give it a very careful study. You want to follow it thoroughly. If you are not prepared to go in and back it up by trying it for a year or so, keep out of it. It is advisable, before entering a foreign market, to make a careful study or survey of the market contemplated, in order to learn the needs, the customs and any peculiar conditions that may exist. This study should be made by a personal representative with judgment and experience. Where this is impossible, special reports are available in many instances, or information may be obtained through our consular service, Bureau of Foreign Commerce or commercial agencies. The Philadelphia Commercial Museum, the American Manufacturers' Export Association, and the banks maintaining foreign branches, many of whom possess accumulated valuable data, will be glad to secure special information from their correspondents. The man who expects to go into the export business like buying a truck is going to get left. He is not fit to do export business. In the first place you have to organize yourselves to do export business. It is a business that requires very careful and correct methods. It is a business that is built on confidence, and if you once get the confidence of those people you will keep it. I am quoting from my own experience. I don't know of a higher grade of commercial integrity than where the exchange runs two to one and that pays you two hundred dollars for a one hundred dollar bill. That was one case I had,—the case of the failure of a bank, which was practically a failure of the government,—and then you go to work and buy fifty dollars' worth of goods and let them accumulate and pay you two to one. I want to bear testimony to the fact that my experience in export trade is that as high a grade of commercial integrity exists in those foreign countries as in any other place on earth. It is easy to get credit information. To build up an export business you cannot expect to go in business that is not developed by men who know the country. Any man starting in to develop an export business without having an export manager is like a man sailing a ship at

sea without a compass. How do you develop your organization? You don't start out to do business throughout the United States at once. No, you don't—you start out with a certain district and plan your business and get your customers and then add another bit of territory; and that is exactly what you must do in export work. How are you going to get men to do that work? In two ways: First, to hire men with experience,—that costs money, and you will be taking a chance; and the other way is to take men in your own organization and develop them, and after that, while you are learning your business, you are getting their confidence, so that you can trust them four thousand miles away. Gentlemen, it is far better and safer to send a man into South Africa or Asia or any other country who knows your line, without a knowledge of the language, than with the best requirements on earth if he does not know your business. The foreign buyer has confidence in no man who can "pull the wool over his eyes." He naturally wants to know whether or not you are capable of fulfilling your contract. It is a 50-50 proposition. You have to let those people see that you have confidence in them, and then they will have confidence in you.

You can also take men from these foreign countries who know the language and the country, but don't let them go down there until they have gotten a good knowledge of your business and have put on overalls and jumpers and learned all about your business. It seems like a mighty expensive kind of business and you will find it to be expensive. But how much more will it cost for him to go out and spend two or three thousand dollars and queer you with that whole territory? If you will just take time to develop your men, even by taking our own native boys and teaching them. In our own business we have our own school where they are being taught languages. It is an advanced university course, and when you bring these men there and you are learning whether they can be trusted or not, you are making men. We have developed in six years a business from fifty thousand dollars to nearly a million dollars in highly technical lines where detail work has to be done. We have all sorts of descriptive literature, of course, for most of the detail and follow-up work. We work with commission merchants and our own men and when we get this business it sticks and is worth while; but the man who is not satisfied to go in and see it through and will not use common sense methods doesn't deserve to have any foreign business. When you start in to cultivate your

business and business opportunities, you cannot help but make a success.

Now, if there are enough questions to take up another session, we will be glad to have one.

(The meeting thereupon adjourned.)

GROUP SESSION NUMBER THREE (Concluded)

Friday, January 26, 1917, 2:00 P. M.

"PROBLEMS OF THE SMALLER MANUFACTURER AND MERCHANT"

Acting Chairman, MR. J. STANLEY ROSE
Barber Asphalt Co., Philadelphia, Pa.

Secretary, MR. JOHN L. NEWKIRK
Export Manager, Chattanooga Medicine Company, Chattanooga, Tenn.

NOTE: The stenographer was not present at the opening of this session.

MR. ALBERT STEINER, The Cincinnati Soap Co., Cincinnati, O., shipping to all parts of the world: I have listened to a discussion of this subject and confess, while I have heard a good many items of interest, I have found little of definite practical value.

To the question, "What is the best means of co-operation?" I would like to make a suggestion as follows: That, since in this large group of smaller manufacturers there are represented so many different lines, I think that in dealing practically with this problem of co-operation there should be some sort of subdivision of those interested, so that the machinery and other interests of similar character could work together and those manufacturers of notions, small ware lines, soaps, perfumes, etc., could do likewise.

In these subdivisions of concerns who sell the same class of merchandise, I believe some very practical results would be obtained. All having the same selling problems might exchange names of selling agents and dealers and by so doing each would be benefited.

If a foreign customer has been well treated by one house and another manufacturer comes recommended by this house, his offer will very likely receive serious consideration.

But how are the smaller manufacturers going to know with

whom to co-operate? In our case, we would be willing to co-operate along the lines mentioned but we do not know with whom to co-operate. For that reason I would suggest that steps be taken to classify the lines here represented with the idea of forming such subdivision. Here in open discussion immediate and practical results would be quickly brought about.

CHAIRMAN ROSE: The last speaker has made a very valuable suggestion. I think the initiative should be started by the men engaged in the different lines of work. You might interview a certain number of gentlemen engaged in similar lines of business and you could probably start something. I think a good suggestion is, that if the men would write a bulletin stating that so-and-so would like to have men engaged in certain lines of work meet him in a certain place at a certain time, I think there would be a good response.

MR. A. T. HAEBERLE, Consul at Pernambuco, Brazil (formerly stationed in Mexico, Honduras and Azore Islands): About a year or a year and a half ago I sent in a lengthy report to the Department of State. It was the result of a series of interviews I had with the importers of Pernambuco. I heard so many complaints about our foreign trade that I decided one day to get all the information first hand. I went from one importer to the other and asked him for his experience in American trade. The idea was that most of our trade was passing through channels of our large exporting houses and that the small manufacturer, or the individual manufacturer, whether large or small, had a very hard time to launch into the foreign trade, no matter how well equipped his export department might be or how thorough a knowledge the American export manager might have of foreign trade. This is largely due to the fact, as I got it from the importers, that they prefer, as a rule, to import directly through concerns that they know instead of forming connections with unknown firms. When asked why this was the case, they replied that in many cases they had not received the kind of goods they wanted or that the orders they wanted could not be filled, that is, that their wishes could not be met, that the same style and preparation of the article was very often not to be had, and that they thought by applying to an exporting firm they had opportunities to consult a greater variety of manufacturing concerns and might more readily get the article they wanted.

I referred, for instance, in one of these interviews to the

question of hosiery. I had an interesting interview with one of the principal importers. He said to me, "If you can get the kind of stockings I want I will give you an order for one hundred thousand dozen to start with." I asked him what the trouble was. He said, "Well, you see, our women have a very small foot, and a larger leg than the American women." I said, "Well, why can't we supply that need in the United States?" He said, "I have written and written, and your manufacturers have said that they cannot adjust their machines for the making of the kind of hosiery we want. If we take the stocking we can get, the points have to be folded over; and according to the Brazilian tariff, when a stocking exceeds a certain number of centimeters it pays double duty." I pointed out, in defense of the American manufacturer, that it was not the object of our manufacturers to try to enforce our styles and tastes upon them, but that it is the result of economic conditions, that our manufacturers are usually carrying on their work on such a large scale that it does not pay them to change their machinery.

That brings us to a very essential question, which, I believe, should receive our most serious consideration. The European manufacturer, as a rule, will give the importer what he wants, largely because of the so-called "domestic business" carried on in European countries. How are we going to meet the wishes of our foreign purchasers? Shall we continue to tell them that in many cases we cannot manufacture what they want, or will we eventually have manufacturers who will manufacture for export trade only?

I shall be glad if I can answer any questions regarding the export trade in South America.

CHAIRMAN ROSE: I think we all agree that the American manufacturer is taking pains at the present time, and I think Mr. Haeberle will find that he is taking pains in making special sizes. Generally speaking, he is going out of his way in installing machinery for foreign trade, and I think we are gradually changing that idea. Two questions have come up,—the question of the Webb Bill, and the question of Co-operation. Any gentleman can speak on either question or both. The discussion is now open.

MR. T. H. MARBURG, New York City: With regard to the Webb Bill, I feel like Mr. Aerts. I do not see where the small manufacturer is to gain. If he does not want to get into the large combinations he will certainly be crowded out of the export business and will not get any of it. In talking about the expenses, I have traveled over a large part of the world and the problem has certainly

been solved with great satisfaction by the German manufacturers. I have certainly learned something there. If half a dozen manufacturers combine together to manufacture non-competing lines, or lines that only compete in certain types, they can send out their own men and perhaps establish agencies in foreign countries. I am thinking of a plan that was worked out by the machine tool manufacturers of Germany among half a dozen manufacturers. One man was making lathes, another making drill presses. In that combination the man who made the lathe said, I will leave the drill press for the export business, and concentrate upon the lathe. This question has worked splendidly in German export trade, and I think it would work just as well here, and in that way we leave the small manufacturer his independence, which he is surely going to lose. After the passage of the Webb Bill he is going to be crowded out of the export trade.

MR. AERTS: The gentleman yesterday said that in his opinion the Webb Bill was going to be a bill allowing the larger manufacturers to do what they were not allowed to do in this country, and this is a question which would be interesting to us to have up here for discussion. We would like to know if that is really the thing. That was said yesterday in a group meeting, and I must say that I did not hear anybody there give a clear answer to it. Now, gentlemen, what is your opinion—is it that the large manufacturers are going to combine in such a way that the small manufacturer will have no chance, or is it not? That is the question, and I would like those who are in favor of the Webb Bill and who are small manufacturers to tell us why they are in favor of it.

MR. G. E. MORGAN, C. F. & G. E. Morgan, Attorneys and Counselors-at-Law, Cleveland, O.: I don't want to put anything into this discussion at this moment except to repeat some of the arguments I have heard in favor of the Webb Bill, which has been variously spoken of being to meet a combination of buyers. They say that a combination of German and French buyers come to this country represented by one man and they are able to reduce the price because the companies do not compete. This one man can go out and buy millions of dollars' worth of goods. One single manufacturer might sell him one hundred thousand dollars' worth, according to the size of his plant. So, the specific argument for which the people of the United States have absolutely put themselves on record as favoring the Webb Bill does not apply to the smaller manufacturer. By "small manufacturer" we do not mean a small

concern because in the United States a "small manufacturer" may have a very large business while a large manufacturer means something stupendous. As I understand it, in Germany and other foreign countries the cartels are not specifically combinations of large manufacturers, but, as our friend from New York says, they are combinations of the smaller manufacturers. The Germans have no "combination and restraint of trade" as we have.

As the gentleman explained yesterday, the millers of this country have for many years been exporting through a common service. The manufacturers generally of this country have the example of the non-competing lines, and many agents handle ten, fifteen or twenty lines which are non-competing. The manufacturer, if he wants to get into foreign trade, is all right as long as he is protected by the laws of this country, but as soon as he gets outside of the three-mile limit, he is at the mercy of the foreigners, who are able to combine in a way that we cannot do here.

The question is, will our smaller manufacturer be benefited or injured if the large American manufacturers are allowed to combine? Can the Webb Bill with such a combination be taken advantage of except by the very large concerns? Will the adoption of the Webb Bill put the smaller manufacturer in a better position than he now occupies? Will he be required to compete with the foreign cartels and also the combinations of large American interests which will be immediately formed?

. . . When I spoke of the cartels I thought that applied to every combination in Germany but I know of combinations that exist in Buenos Aires where twenty manufacturers did all their buying through one organization. I referred to that, and I thought I was using the proper German expression.

MR. WELDING RING, New York City: I would like to reply to that question if I may, the question of "How does the Webb Bill affect the small manufacturer?" I think I can give you that in a concrete form. Among the articles we buy very largely are rosin and turpentine. We have been buying these from the dealers for twenty or thirty years. Their service has been very satisfactory in every way and we saw no reason to discontinue it, but one of the large rosin concerns, with an unlimited amount of capital, thought it would be a good thing to go into the naval stores business. They bought fifty-one per cent. of a smaller company dealing in that article and advanced them two million dollars with which they went South and bought up a large part of the floating supply

of rosin. Their representative came to see me about two or three weeks ago, a very bright and charming man. I was delighted with him because he was open and frank and knew what he was talking about. He said to me, "We understand that you are buying rosin." I said, "Yes, we buy it at times."

"How much do you buy?"

"Oh, anything from 500 to 1,500 barrels."

"Well," he said, "we would like to have a part of that trade."

I said, "Who are you?"

He mentioned the firm, and I said, "I don't know that concern."

"Well," he said, "it is comparatively new. We are very big, and we know who you have been buying from heretofore and they are small people in the trade. They cannot furnish it to you on the same terms and basis that we can."

I said, "Is that a fact?"

He said, "Yes."

I said, "Tell me what your prices are," and he quoted me practically the same price.

I said, "I don't see any advantage in buying from you on that basis."

"Oh," he said, "that is our list price. If you have the business, we will take care of that all right."

I said, "How can you do it for less?"

"Well," he said, "that's our business. The small concerns won't be able to handle the rosin business any longer; they have to get out."

I said, "I would like to buy from my friend; I have been dealing with him for thirty years. Do you think it fair that I should take my business away from him and give it to you? Apparently your business is to wipe out all the small concerns in the trade. I think I will continue buying rosin from my friend."

That is a concrete experience. I think the effect of the Webb Bill on the smaller manufacturer will be practically the same thing.

MR. AGASSIZ: Is it not a fact that every opponent of the Webb Bill in this country is not an American manufacturer but rather is a commission merchant, either dealing with foreign interests, connected with European firms, supported by government action, placing the American manufacturer at the mercy of the European manufacturer? I believe the Webb Bill is absolutely essential. I am not a manufacturer, but I have been in South and Central

America and have seen that the American manufacturer can never develop a substantial trade there unless he has some weapon with which to fight the foreign government.

MR. AERTS: As I started this argument here, I want to call the attention of those present to the fact that I am not connected with a small manufacturing concern. In fact our concern is a six million dollar corporation and the other one is a four million dollar corporation which has been established in this country for sixty years, and although I personally am not an American, that I am here merely because I represent three hundred small manufacturers of Cincinnati and Ohio, who are Americans, and I came here to discuss what effect the Webb Bill will have on these manufacturers because I am defending their interests.

MR. R. O. WILSON, member of the Fyfe-Wilson Lumber Company, wholesale lumber, and a delegate from the San Francisco Chamber of Commerce:

We are small manufacturers of lumber. We have found others with their mills adjacent to ours who manufacture on a large scale; hence, they can employ a foreign vessel, or vessels, of their own charter and load them complete for the foreign market, while we could only load fifteen to twenty per cent. of it.

CHAIRMAN ROSE: Are you an American concern?

MR. WILSON: Yes. What would the Webb Bill do to us? It would allow us to get together with our neighbors and form a selling agency; in fact, we did this some eighteen years ago, the writer serving as a director of such corporation. We sold our product in Australia, the United Kingdom, China and Japan, and in this way were able to market our lumber in an intelligent and proper way. I think sometimes we make a great shadow of agencies or combinations. The orange you ate this morning for your breakfast was sold by the Fruit Growers' Supply Company of Southern California. Before the formation of this company the orange grower could not pay his bills, in fact he could not do anything with his product. The same thing is true with the onions you ate in your soup, or the raisins you had with your lunch to-day. We are our own competitors when we go out in a small way. The Webb Bill is intended to give us freedom to market our goods in a foreign market, and then we can cope with the men who are strong. I am satisfied it is just the relief that we need. [Applause.]

MR. H. R. DUNIWAY, California Sugar & White Pine Co., New York City, in wholesale lumber business, formerly exporting to

Great Britain and the continent; also to South America, South Africa and Australia; at present exporting to Australia: I am Eastern Manager for a holding and selling company of a large number of California pine mills. I want to say something on this Webb Bill. I want to ask the Chairman, or anyone else, if they understand that the Webb Bill, as it passed the House of Representatives, is going to do what the Webb Bill purported to do as introduced. As I understand it, two amendments were inserted which take the teeth and everything else out of it, because a lot of small manufacturers who want to combine for the selling export business can only do an exclusive export business and we cannot buy and sell in this country if that bill is passed by the Senate as the House passed it. That Webb Bill is going to become an obstacle to everybody unless you can induce the Senate of the United States to strike out those amendments, and then get the House to concur and then get the bill signed. Otherwise, it is going to be a delusion and a snare. I wonder if you gentlemen understand that?

ACTING CHAIRMAN ROSE: There is a gentleman here who I believe has built up a good business by going after the business himself, if he will address us.

MR. WILL A. PEAIRS, Vice-President, Chamberlain Medicine Co., Des Moines, Iowa: In 1890 we got it into our heads that we would build up a foreign business, and when you speak of small manufacturers I think we were about the limit. Anyhow, the president of my concern handed a small check to me and said, "Get busy." I started in 1890, and until 1909 I was actively engaged personally in placing our product all over Africa, Asia, from the Persian Gulf to Siberia and all over Australia. When I heard the gentleman speaking here yesterday and saying that the small manufacturer had no chance, it is simply rot. Any man that wants to get into foreign business can get there and build up a large connection. If the Chairman will allow me a little time later on I will give some of the details; but I will also say something regarding the ways of placing the goods. When I landed in South Africa I did not know a soul, but as I looked out of the port-hole of my steamer I saw several hundred cases of my goods and that meant that I had to get busy. There are many ways of introducing goods abroad. You have to please the concerns that buy from you. If they want the goods to go through a New York exporter, let them have it; if they want the goods consigned to local distributors, let

them have it; let them have what they want, but in every instance have your own direct representative. You can't do it any other way. Let me tell you that to-day we have in representative plants abroad, one-half of a million dollars and we are doing some business to justify that expenditure. Speaking of Africa—that was the first important place I visited. I did not visit only Cape Town and the larger towns, but visited every place where there was any business. I made a 2,500 mile drive through Central Africa, south of the Zambezi River, and when I called on one man he said, "What are you doing here?" and I said to him, "On missionary work." He said, "Going to do some hunting?" I said, "No"; and the result of these trips are that to-day we are "it" with a capital "I" all over Africa. We have to-day a \$65,000 building for our factory in Cape Town.

After doing Africa I went to Asia. It was all the reverse. I will tell you frankly that I wasted three years of my time trying to work the same way as we work here. I thought the English distributors would be the people. They were,—for themselves. Those who go abroad must get that experience personally. I want to tell you gentlemen that I am so nutty on this foreign trade that my friends avoid me at home. They all tell me to go and hire a hall, and it is a pleasure to get this room here, rent free.

MR. H. B. PHIPPS, Export Manager, Hudson Motor Car Co., Automobile Manufacturers doing business with all world centers, Detroit, Mich.: I think Mr. Peairs has covered the points I wanted to talk about very thoroughly, and as his experience goes back ten years further than mine, there is little left for me to say, so will just mention a few "DON'TS" which may perhaps be of use to the small manufacturer who is going into the export field for the first time.

DON'T send anybody but a high-grade man to represent you in foreign countries, as one of the biggest obstacles we have to overcome abroad is the distrust of American business methods which unfortunately has been brought about and fostered by the type of men sent to foreign countries to sell our goods, who had in view only the immediate results to be achieved by them in the way of commissions. To make sales, these men in many cases make statements which were gross exaggerations of the goods they were selling. The work of these salesmen unfortunately does not reflect only upon themselves, but upon the whole American nation in general and on American business methods in particular.

So I say, gentlemen, *DON'T* send a man abroad to represent you unless he is one in whom you have every confidence and who has the necessary qualifications to do justice to your own organization.

DON'T allow your foreign salesmen to exaggerate in the slightest their description of your goods. *DON'T* allow them to accept orders for deliveries of goods which you know you cannot make at the time you promise to. If you want that order, tell them frankly when you can deliver and be certain that you can live up to your representative's promises. Once you get the confidence of the foreign dealer, it is a very hard matter indeed for any of your competitors to pry him away from you.

DON'T send out literature of a boastful, bombastic description, full of superlatives. Make a plain, brief description of the goods which you are selling.

DON'T expect the man you send abroad for the first time to get results and orders at once. The foreigner is more conservative than our buyers in this country, and remember he does not know your goods except from what your salesman tells him. He is "from Missouri and wants to be shown" all the time, so give your man time to deliver your first shipments before he be expected to get big orders.

DON'T forget that England, France and Germany have been experts in export for generations, and that your organization and your foreign representatives can learn a lot from watching their methods.

DON'T throw your man out at once because his orders are not quite in accordance with your standard production. You have to find out what the foreign markets want and give them what they want wherever it is possible.

DON'T write the average abrupt and almost discourteous letters which we call an ordinary business letter in this country. The foreigner is used to more courtesy, and he expects it. If he doesn't get it, he is antagonized from the start.

Last of all, in sending out foreign technical catalogues, *DON'T* rely too much on the average translator in this country to do all your technical translating. Have the proofs, whenever possible, sent to somebody in your own business in the country for which the translation is being made, and have him make his corrections before it is finally sent to press.

MR. JOHN BARRETT, Director General of the Pan-American

Union, Washington, D. C.: Mr. Chairman and Members of this Meeting: I assure you that I came here without the slightest thought of entertaining you with any remarks. I had heard of this meeting, and if there is any man that appeals to me at the present stage of foreign trade it is the small manufacturer and exporter. I came here to learn, and not to teach,—to get some instruction myself, rather than to make any suggestions.

But, if I am to say anything at all, I would perhaps try to take the position or standpoint of those with whom I am most familiar in my capacity as the executive officer of the Pan-American Union. I am an officer of each one of the twenty Latin-American countries just as much as I am an officer of the United States. It is now nearly sixteen years since I first began to impress upon the exporters of this country the importance of the Pan-American field of trade, and I could not to-day help thinking as I looked over that great meeting that many of those men were present who regarded me as a hare-brained enthusiast when I first began to talk about Latin-American trade and Pan-American possibilities of all kinds. I only say that because I want to express to you a thought which we will call the psychology of the Latin-American. I have been your minister in three of those countries and I have learned to think as they do and to consider the North American in the same spirit that the Latin-American does. You are all familiar with your own attitude on Latin-American trade matters. That has been so well discussed that we will not dwell upon it.

I will consider myself, so to speak, an Argentine or a Colombian, or a Chilean, or a Mexican, for the present moment. In the first place, I want to speak of the supposed "Anti-American" feeling. That is a visionary thing. The business men of Latin America everywhere tell you, as far as commerce and trade are concerned, that this idea of Anti-Americanism is almost entirely a matter of imagination. It is a bogey. If it is developed and built up, it is largely due to the Americans themselves, the men from the United States rather than to the Latin-Americans, and to certain European competitors. The average intelligent business man from Latin America to-day is just as ready to buy from the American manufacturer and exporter as he is to buy from the manufacturer or exporter of Great Britain or Germany or France or Spain or any other country which enters the field. The great proposition with him, of course, is whether it is going to be a profitable undertaking,—whether he is going to get what he wants,—

whether you are going to try to meet his wishes, and whether or not you are going to be in the future a man that can be depended upon in his field of trade. There are, however, certain men who are very anti-American. There are a few men inclined that way in every land, and when one of them says anything you perhaps get the wrong impression. You think that this is the general attitude, but you have no better evidence of the fact that this so-called anti-Americanism does not exist to any powerful extent than the actual growth of United States trade. When I first took hold of this question, the total exports and imports exchanged between the United States and the twenty Latin countries did not exceed four hundred million dollars per annum. The last four fiscal years before the war broke out, 1911, 1912, 1913, and 1914, the average value of the total export and import trade between the United States and those twenty countries was seven hundred and fifty million dollars, the highest figure being eight hundred and ten million and the lowest seven hundred and ten million, a growth of nearly one hundred per cent in ten or twelve year. Since the war came on, look at the enormous increase. This last year the total value of exports and imports was nearly one billion, two hundred million dollars, an increase of nearly five hundred million dollars since the war began, which, of course, has largely resulted through the withdrawal of Germany, Austria and Belgium from the field. The very fact, even with favorable war conditions, that the United States has been able to build up such a business shows that the field is not anti-American.

You must now only get your products down there in the way that they will approve of. Down there they also appreciate not merely the commercial side but also a knowledge of their countries and their people. If there is anything the Latin American dislikes it is a suggestion of superiority on the part of the man who comes from North America. There is nothing he dislikes more than to hear you say that the United States is the greatest place on earth. He may come to you and say that America is the greatest country, but he does not want you to tell him that. He wants the privilege of saying that himself. Another thing; he wants you to call him what he is. People in Central and South America are no more to be lumped together than are the countries of Europe. There are greater differences between the countries of Central and South America than between the countries of Europe; yet we always lump them together. We too often classify them as "Spanish

American." That is displeasing to them, and particularly to Brazil, which is Portuguese-American. The thing that the Latin-American likes is his individuality. The Argentine does not want you to call him a "Latin-American," "South American," or "Spanish American." He wants to be called an Argentinean. In your correspondence and travels do not forget that; do everything that responds to their individuality and you will be surprised to see the results you will get. Do not use the term "Spanish American" unless you wish to segregate the countries which speak Spanish from Brazil, which speaks Portuguese.

Then, again, we are so very ignorant of the history of those countries. Even a little suggestion that you know about San Martin goes a wonderful way in Argentina; and in Uruguay it is well to say a word about Artigas; and in Chile or in Colombia to refer the same way to O'Higgins and Bolivar. After you realize what you can accomplish with knowledge of history, you will take pains to congratulate them upon their general civilization and to compliment the good sides of it. There is no man in the world more susceptible to sincere appreciation than the Latin-American, unless it be the North American!

Now, I come to the next consideration. You know how it makes your heart feel good when a man says earnestly that he likes you. The greatest compliment the Latin-American can offer you is to call you "Muy Simpatico." Any representative of a great or small manufacturing house or exporter who can be called by a Latin-American, "Muy Simpatico," is going to get on and make a success, and do not forget that!

Heretofore all the great purchasing business has been in the hands of a few big buying concerns. In Buenos Aires and Rio Janeiro this has been particularly true. Now the little buyer is beginning to come forward and he is going to welcome you because he knows that the smaller manufacturer is trying to get into the field in the same way that he is. Therefore, you are sure to get great results.

My thought, finally, is this: At this very moment when we are on the verge of war—no one can tell what the future may be,—there never was such an opportunity as there is at the present moment for developing what I might call solidarity of common interest and purpose among our own Western nations of this hemisphere, and the only way that we are going to get it is by going after it. The way we will bring success to Pan-American com-

merce in the future is through a spirit of co-operation and of partnership. Approach every one of those nations, no matter how great or small it is, as if each is just as much an important part of this great Pan-American field and the solution of its problems as is the United States. Gentlemen, I honestly believe that we are on the verge of a tremendous development of relations with Latin-America and I congratulate you on the way you are talking about this matter and with so much interest. If the Pan-American union can ever be of assistance to you I want you to remember that its latch string is always loose and inquiries are always welcome.

MR. E. G. MANSFIELD, General Manager, Buffalo Specialty Co., Buffalo, N. Y., Manufacturers of Hardware and Household Specialties and Supplies: We have had some experience in solving some of these problems. At present we are shipping goods into almost every civilized country in the world and I can readily imagine and understand how it is that some one remarked that small manufacturers have no business in foreign countries. I would suggest that unless you have a good deal of money and time to spend and are very patient, you will find it an up-hill business to undertake to ship goods into all of those foreign countries. The reason is, of course, that you cannot sell them goods there unless you satisfy the various buyers, and that entails an awful lot of work and expense not only in changing machines for making stockings with smaller feet and larger legs than are worn by Americans, which seems to be necessary for some countries, and changes for other machine made products, but as well rebuilding and changing the dress and packing of products so as to meet the requirements there. We have established some factories in foreign countries, but have found that in most cases it was better to use the various ways of selling our goods in those countries, as was suggested by Mr. Peairs here. Our experience has been that it has taken a great deal of money, time, and patience to get anything like a profitable business in foreign countries. It seems to me that if a person makes only fifty to one hundred thousand dollars' worth of goods a year (and I suppose you would call him a small manufacturer), then it would be more profitable for him to try to find a market for those goods at home than to undertake to ship part of them into the various forty, fifty or more foreign countries. I do not, however, wish to discourage any one who desires to obtain foreign business.

With reference to the Webb Bill I have given some attention to that. I do not wish to pose as an expert on it, but as I understand it the bill had for its original object exemption of combinations in America—exemptions from the anti-trust law that exists here,—and we are certainly in favor of that. One of the reasons, as I understand it, why the other nations are so successful in foreign trade is that they are not only permitted to form selling unions, but in some of the successful countries the government aids those unions. Here it is just the reverse. We are not only not permitted to do it; but the Government gets fresh if we do do it. As I understand it, the Webb Bill was introduced for the purpose of permitting the small manufacturers to form selling combinations, and I also understand that the amendments were for the purpose of prohibiting those selling combinations from competing in this country with those not in the selling combinations or with each other; otherwise, two selling combinations could compete with each other here. It seems to me that both of those objects are very proper and all manufacturers ought to support that bill.

MR. DUNIWAY: I am not an expert on the Webb Bill either, but my understanding of the matter is this: Under those amendments, if that bill becomes a law, this gentleman could not join with other manufacturers in a selling agency abroad and still continue to do a domestic business. That is the amendment that passed the House. There are very few concerns in this country who can afford to undertake to do an exclusively foreign business.

CHAIRMAN ROSE: I think you must be mistaken about that. I understand that this combination is for foreign trade only, and domestic status would remain the same.*

MR. MARBURG: The question was discussed yesterday, and, as I understand it, two amendments slipped in just before the bill passed the House and nobody knew just exactly what they meant, but they have, in the meantime, found out just what they do mean, and when the bill goes to the Senate the amendments will be stricken out.

GEO. H. CHARLS, Vice-President, Sales Division, The American Rolling Mill Co., Middletown, O.: It seems to me that there should be no differences of opinion regarding the Webb Bill among American manufacturers who desire to conserve and increase their export business. Such differences of opinion as are taking place

* This is correct.—ED.

in this meeting make obvious why Americans are followers in the export field instead of leaders.

Those who have been successful in exploiting one line in foreign fields either cannot or will not see that there are other concerns in the same country which cannot proceed and succeed along these same lines. Those who have succeeded in one line seem to be imbued with the idea that others should be prevented from trying to succeed by other means and methods.

The Webb Bill affords means and methods for American manufacturers co-operating and doing business in export fields in the most economical and constructive manner. Take, as an example, the sheet steel business. Imagine twenty manufacturers sending twenty representatives to South Africa to establish a business! This is the method we must follow at the present time. If the Webb Bill is introduced these same manufacturers will be permitted to merge their export businesses, dividing the tonnage and the costs as they see fit, and to send only as many representatives as are absolutely necessary to properly conduct the business. They will be permitted to establish agencies and warehouses, carrying stocks and conducting business in a direct way instead of depending upon foreign merchants and commission houses to market their goods.

Which method would make us most successful in competing for the business of South America: the method we are now following, of each manufacturer sending a representative to compete with other American manufacturers against the united effort of the foreign manufacturers; or, of American manufacturers combining their export businesses and competing with foreign manufacturers as a unit, instead of as individuals?

Is it not obvious that the Webb Bill will permit us to gain quicker and more lasting results; that it will enable us to compete intelligently and effectively with combinations of this sort from foreign countries?

Until there can be a unanimity of opinion and a hearty co-operation among American manufacturers, a desire to work together, to assist each other to establish the prestige of American goods, we cannot and will not know the real meaning of Commercial Preparedness.

MR. A. C. PEARSON, Dry Goods Economist, New York City: I don't pose as an expert on the Webb Bill either, but I heard the discussion before the Senate Committee recently when this matter of the amendments was brought up when the request was made that

those amendments be stricken out. I want to say in passing that you gentlemen opposed to the Webb Bill missed a great opportunity because only one man appeared against the Webb Bill, whereas a dozen appeared for it. The reason given for the necessity of a certain kind of buying and selling in America was because a selling company may buy from a dozen different people in America in order to sell on the other side. Consequently, if you deprive it of the privilege of buying in America, you may take away all of its functions. On the other hand, the combination may be buying abroad, buying the raw products. You must remember that the combinations are strictly buying and selling companies, hence they must also do some buying or selling in this country to perform their function abroad.

MR. MITCHELL: I have had about the same experience, but the man who did our European business, Mr. George Schow, happens to be here with me. He built up one of the best lines of business we have and I believe that if you could induce him to tell you something about it it would be of real interest.

MR. GEORGE SCHOW, Christiania, Norway, representing National Stamping & Electric Works, Chicago, Ill.: I have lived in this country for thirty years, and have been a naturalized American citizen for twenty-five years. During this period I have crossed the Atlantic sixteen times. My line has been mostly machinery and technical goods.

Sixteen months ago I went over there as the accredited representative for a number of American manufacturers to tackle the trade proposition of Scandinavia and Russia.

There is no set rule for getting foreign trade. However, I wish to say that if the common-sense business methods are used in foreign countries that we use here in America, we will not only get the trade, but we will also hold it after the war. It helps, of course, wonderfully, to know the various languages, and to be thoroughly acquainted with your line. If I can answer any question, I shall be glad to do so.

CHAIRMAN ROSE: In other words, you are in favor of going directly after the business?

MR. SCHOW: My principal work has been to establish agencies for American manufacturers which I represent, and in establishing these agencies I have had to select the organizations, teach them how to handle the lines, and how to conduct the business to our mutual interests. In some cases I have been instrumental in

forming import organizations over there for the purpose of handling the various American lines on an efficient basis. One of these companies is the Northern Engineering & Trading Co., of which I am a stockholder and the Consulting Director.

At present I have an office in Christiania, Norway, and have representatives throughout Norway, Sweden, Denmark, and Russia.

MR. BURWELL S. CUTLER, delegate from Buffalo Chamber of Commerce, and President of the Cutler Desk Co.: My concern has been exporting office furniture for forty years all over the civilized world, and we made a great mistake at one time in the last fifteen years in not construing the real relations of the commission men to ourselves in our foreign trade. For a long time in the early history of exporting in this country the commission house was supposed to be a solicitor of sales and an exporter merchant. To-day they do not claim to be such. A commission house with one thousand lines to handle cannot confine itself to any one line. They are, directly, financiers and forwarders, and are a very valuable go-between. At one time, about fifteen years ago, finding that they were not the highest grade of sales medium, we tried to get along without them altogether to the very great disadvantage of our foreign trade. So to-day we have our branch houses in various parts of the world and they emphatically state their preference for doing business with a foreign buyer through his commission house or financial agent. Since we adopted that policy we not only have the friendship of the commission houses but do a very large business through them, in spite of the fact that our own branch houses could easily make independent financial arrangements. Incidentally, it makes them our own financial advisers very frequently.

There has been such an underlying sentiment against commission houses that I think it is well to emphasize the fact that as sales agents they are invaluable as financial agents.

MR. CHARLES P. VAUGHAN, President, Dungan, Hood & Co., Inc., Philadelphia, Pa., with offices in Warsaw, Turin and Frankfort-on-Main: Our experience has been that we obtain much better results in countries where we have no exclusive agencies by having more than one agent sell our goods. The volume of our business is much more satisfactory with more than one agent handling our line than confining ourselves to one agent. Where we make exclusive agencies it is a condition that the agent should handle our line exclusively, as we find it very detrimental in many cases to have our line in the hands of agents or dealers who have other

competing lines, and who simply get all the lines they can in their hands so as to make their business an easy one.

I wanted to say just one thing with regard to the construction of the Webb Bill. When the questionnaire came to our office I made a reply to it, saying that I did not consider a combination for the exploitation of American trade as against the spirit of the Sherman law. Of course the Sherman law was made against combinations in restraint of trade. I cannot conceive that the Sherman law is against combinations for the exploitation of foreign trade. I think there is a great distinction there, and I further believe that if two or more manufacturers of the same lines open up a foreign selling establishment that establishment is opened under the laws of the country where it exists. It does business under the laws of England, France, Germany, or Russia or any other country, and operating under those laws I cannot see where that selling agency comes under the jurisdiction of the United States in any particular. I do not think that the United States has anything to do with it, and a dozen or more manufacturers manufacturing the same article, as I see it, can send their goods to a company which has been organized under the laws of a foreign government without in any way being subject to the laws of the United States.

C. E. BEMENT, Secretary and General Manager, Novo Engine Company, Lansing, Mich., Manufacturers of Gasolene Engines, Hoisting, Pumping and other outfits, and gray iron castings:

We are exporters of gas engines of various kinds and we have had the same experience abroad that we have had in this country; namely, we have sent poor representatives and fallen down, and sent good representatives and been successful. I do not believe that the export trade is essentially different from the domestic trade. [Applause.] It is simply at longer range, and consequently costs more money to get it. Now, all of you have gone into different territories and have fallen down for good reasons, and you all know that. Everybody has had about the same experience, but when you fall down on export trade there is some intangible reason for it. When you fall down on domestic trade you know why you did it. The foreign trade is like the domestic trade. Now, gentlemen, I believe from the bottom of my heart that all of us have done more knocking on our own methods of doing business than we are entitled to. There is not one out of a dozen that does not say something about not getting enough postage on foreign letters. We have had as many letters coming from foreign coun-

tries with insufficient postage as we have ever sent. Everybody has to learn that lesson. In other words, in order to learn the export trade, you have to go into the territory and get the trade. There are no short cuts to that sort of thing. Personally, I am in favor of what I understand to be the Webb Bill; I am not sure that I understand now what it is. I am in favor of combinations of trade in foreign countries to get business for the United States, and I am anxious that we should get all the trade that we can. They have made a bogey of the export business. It is there to get if we go after it and use the same amount of brains that we use in this country.

CHAIRMAN ROSE: I would like to have Mr. Ring come in at this time and tell us about the function of the commission house. I would like him, if possible, to touch on two points that are often found in claims, first, do these commission houses go around and shop and try to buy orders from other manufacturers to fill an order; second, does the average commission house object to anybody sending his own representative to the field? Those are the objections raised, and I would like, if possible, for Mr. Ring to embody those answers in his talk.

MR. RING: Whether a commission house can handle one thousand lines, I can unhesitatingly say "Yes." We go into a house in South America or Australia or South Africa, keeping in touch with him by weekly visits, and we ask him what he wants. To-day he may want such a thing, and in the course of a week or ten days he may want something else.

They give us anywhere from one to fifteen, twenty or twenty-five sheets of orders for various lines of goods to be purchased from various manufacturers all over the United States and Canada. Some of these orders may be not more than one hundred dollars, —they only want a small quantity. Other lines would run into five hundred dollars, others one thousand or fifteen hundred. The whole indent may run from five thousand to ten thousand, sometimes larger. Those orders nearly always specify the manufacturers from whom we are to buy those goods. Now, under the circumstances, it is the rule of every reputable commission house in New York; I don't believe any reputable commission house would dare to buy goods from any other house than that indicated in the order. You ask me the question of whether we commission houses take commissions from both sides. I say to you, no, we do not, further than this: There are many manufacturers in this country

who want their money just as soon as the goods are shipped from the factory, just as soon as they can get a railroad bill-of-lading from their factory to New York they want a check. We say to the manufacturers, we cannot realize on those goods until a certain time, until after they arrive in New York, until they are put on board steamer, documents made out and presented to the bank, and then we get our money, and that varies from fifteen to sixty days. Therefore, we think that if we are paying them cash we are entitled to a cash discount which manufacturers are always accustomed to giving in this country on their domestic business. In some instances we get two per cent. In other instances we do not get anything. That is the only extra commission that we ever get and I believe that is the absolute rule of all commission houses in New York.

Now, as regards the handling of competitive lines. We handle a line that any buyer in the country wants to buy from. We may buy axes from Kelly Axe & Company or from any other house. We may buy files from Disston & Sons or from some other concern down East: and so with many other lines that are competitive, but if we have orders to buy them we buy those goods accordingly. There is no reason why we should buy from one manufacturer if we get orders to buy from a number of manufacturers.

Now as to covering the field, most of us have our offices abroad. I don't see the gentleman here who said commission houses are largely represented by foreign interests, but I take issue with him on that point decidedly. I believe the commission houses of this country are just as anxious to exploit and develop trade in the United States as any representative of any country in the world. I do not see any reason why they should not be. Now, gentlemen, I am not going to plead the cause of the commission houses. I have been in that business a great many years, and I don't know any other business. I don't expect to learn any other business. But that trade is an old one, which is larger now than it ever was before. The commission house is going to continue to grow with the growth of the country, irrespective of what has been done by the manufacturers direct. I have no fault to find with the manufacturers going out and getting their business direct if they choose to do so, but a number of manufacturers have stated that it does not pay. We are here for the purpose of taking care of this business for him.

Let me state a few things for the commission houses. We are

for and against the manufacturers. I hope you will all take it in good faith. One of the cardinal troubles about developing trade in American goods is that when you have a surplus of goods you are eager for foreign trade. It is a beautiful sort of thing. You get it either direct or through a commission house. Then conditions change in this country; prices are high; perhaps better than you get for export, and you have a demand for all you can produce, and then we send in our orders and in hundreds of cases we get a reply, "We have to return your orders, and will not be able to supply goods for the next six months." Your goods have been introduced once; have gone through all the processes abroad; and when the people want to buy all we can say is that the manufacturers have nothing to sell. That is not the policy of some of the big companies. I can say to you right here, I don't think it is a secret, that the steel company reserves a certain proportion of their output for export trade and it goes out for that.

Another thing is this: give us exactly what the people want to buy. We were the first shippers to Australasia of corrugated sheets. I went to a concern in New York that I knew was manufacturing these sheets and they said, "Yes, we manufacture them, and will make them." I said, "Well, I will give you an order for some, but I want them three-inch corrugation." They said, "Oh, no! we can't give you that; you will have to take them two and a half inch." I said, "My friend, how do you suppose that two and one-half inch is going to fit in with three inch? That trade has bought three inch and if we send them two and a half inch it is not going to work." When the steel people came into the field they were energetic enough to send to Australasia and bring back half a ton of those sheets and they found out exactly what was required and made them in three inch corrugations. Not only that, but they found out the size of the spangles that came on those sheets. The man buying them wanted a certain kind of spangles. The result is that they have taken a very large share of the corrugated sheet trade in Australasia, South Africa, and other countries.

We buy pipe very largely for various purposes, steam pipe and plumbers' supplies. I suppose I have written a dozen letters to a dozen different concerns asking them if they wanted to fill an order, and they said, "Yes," and I said to them, "This pipe must have the Birmingham gauge." They said, "We can't make it that way." They make it with the American thread. Now, how are you going to screw a Birmingham gauge pipe into an American

gauge pipe? It is absolutely useless to try to do this kind of business. The steel people took the matter up and they made it with the Birmingham gauge and now they have a very large trade.

Now, as regards the smaller manufacturer, there are some things you gentlemen can do to help your foreign trade: You can pack your goods better. We have many complaints about the packing of goods where you parties are at fault. You don't pack them close enough. The question of freight is a large item. You have an order for a certain lot of goods, you put it in the warehouse. The man that packs them comes down and says, "John, send me a box about 3 x 6," and he puts the goods in and there is too much space at the top of the box. The goods are sent out loose and are liable to be damaged on the way out. Often the boxes are not properly made. I have many complaints that they are not properly nailed together. They will drive a nail through and then it goes into the goods on the inside. They do not properly mark the goods. They send orders out very frequently where we have to re-mark them.

Those are some of the little things. We have to see that these things are done for our friends abroad, and we are the ones who get the kick. You have your money, and that is all that is necessary for you. We have our money, but we get the kicks too.

There is another thing (and this comes home very close to me). Many of you gentlemen who go out after foreign trade extend time to people in South Africa and China and Japan and Australasia and sell them goods as cheaply as you sell them to the commission houses in New York for spot cash. I think the commission house in New York that pays you cash on receipt of their bill is entitled to better conditions than the man three thousand to ten thousand miles away. These are the things that I want the manufacturer to consider. We ought to work together, and I believe that we can. We have been in business long enough to have many friends among the manufacturers. I will say that the great majority of them are all right. A few are not. I think Mr. Cutler spoke about desks. We bought desks a number of times and the treatment he gives the commission house is eminently fair. If he takes orders direct I don't object to that. There are occasions when he finds it necessary to do that in order to get business. I don't want you gentlemen to think that the New York commission houses are a bunch of grafters, because we are not. The New York houses export over two hundred million dollars' worth of goods a year. Do you

think that we can afford to jeopardize our interests by anything but fair practice? I thank you. [Applause.]

MR. H. K. BAXTER, San Francisco: I would like to give the viewpoint of the Pacific Coast. We are doing an importing and exporting business, buying and selling direct, and also representing various houses throughout all of Australasia, China, Japan, Russia, and down as far as India. I will just mention one or two points that come to my mind, as follows: We will get a sample of a certain commodity in correspondence with houses on the other side which are in that market. We get all the details necessary for completing the sale; a sample is sent out and an order returned, and then we find out that they won't be able to deliver this certain line of goods for six months, or a year. Another instance happened about three months ago: We had an inquiry, and after sending out one of our travelers an order came in for about eighteen thousand feet of iron sheeting. We had to get an option on the freight space and we required an option sufficient to cover us until we could get a cable report. In cabling we put into our message, "Reply immediately—quick action necessary." Our option only covered us for a period of three days. On the morning of the fifth day an acceptance came in, and upon taking it up with the manufacturer he would not extend the time beyond the morning of the fifth day. On investigating the matter on the other side I found that they had placed their acceptance with the cable company before the expiration of the three days and that the delay had been by the cable censor holding up our message. That is an instance where the manufacturer could help the exporter and send his men out, at great expense, through those territories, to do missionary work. The exporter has to get the confidence of his customers on the other side in order that they may know that their orders will be properly taken care of.

MR. W. B. KNAPP, San Francisco: There are two or three points that have come up here that I want to talk about. In the first place, there is the man from Detroit. I think his "Don'ts" ought to be on every export manager's desk, with a few more added to them. One gentleman here from China, he left here a short while ago, said to me, "Knapp, for God's sake tell them to sign their invoices." We find that American goods are very satisfactory. The people in the East and Russia like the American goods. It is only a question of distributing those goods and financing the agent. The Americans are far behind the Europeans in the manu-

facture of goods, and I think the Americans could easily take up the A B C's of exporting before they worry about the Webb Bill and other things. If they will put the same amount of time, trouble, and money into their export business that they do on their domestic business we would get our share of the world's business.

We act for one distributor in this way: We sell their goods and split the profits with them, and we have found that that works very satisfactorily. Last year they came to us and asked us if we could sell \$15,000.00 total value and we said we thought we could and they made a ten year contract with us on that basis. So far, their share in the profits, in the last ten months, has been \$20,000.00, so you see it was a little beyond their expectations. I think if the manufacturers would co-operate with good American houses abroad who would push certain lines of goods and not try to handle too many lines they would find out that it would work very satisfactorily. Different lines have to be handled in different ways.

MR. DANIEL LINDO, Vice-President and Export Manager, Byllesby Mercantile Corporation, New York, a subsidiary of H. M. Byllesby & Co., Chicago, engaged in the commission business with South America, England and France, and having important ship-building interests:

I would like to say a few words about the relations between the export commission house and the manufacturer, regarding which so much that is misleading is current among manufacturing export circles. I have been in the export commission line myself, practically all my business life, although I can hardly claim to be in the same class with the previous speaker, Mr. Ring, who is generally revered and looked up to by all in the trade.

Speaking on behalf of my concern, Byllesby Mercantile Corporation, and for myself and believing sincerely that I but voice the sentiments of all the reputable export firms, or "professional exporters" as we are characterized by our friends in Washington officialdom, I can say that we are not inimical to the wishes of those manufacturers who desire to go after export business themselves, provided they handle the matter in a correct manner and not in the "hit or miss" style that has been adopted by so many firms who have only succeeded in making a mess of it, to their own disgust and to the detriment of the good name of American commercial methods in foreign countries. When we find a manufacturer who is determined to send out his own travelers to solicit orders for his own goods in market where we are represented, and who wishes

to eliminate credit risks by working through a responsible commission house, we are only too glad to aid him all we can. We are willing to give him letters of introduction to our agents, in each market, and to instruct said agent to assist the traveler all possible by taking him around the trade, indicating the firms of known credit responsibility whose orders he (our agent) would have no hesitation in passing on to us for execution, and to try to help the said traveler to obtain all the business he can. It is apparent, however, that we cannot be expected to render the same aid and assistance to the representatives of those manufacturers who have instructions from their principals to do direct business; that is, to take orders for execution by the makers themselves, who assume the credit risk, thus leaving us out of the transaction. As Mr. Ring has truly said, the export commission house is still, and always will be, a factor in the foreign trade of this country, and I believe I do not stretch matters when I say that probably over 60% of the total shipments to Argentine, for example, from the United States are made by us with a larger or slightly smaller proportion for all other countries. Statistics on this point, however, are very difficult to obtain.

We export commission merchants, for many years, committed the careless mistake of permitting our well known modesty and retiring disposition from making our side of the case known to the country, during that long period when many slurs and injustices were cast at us in the hundreds, I might say, thousands, of tons of literature that poured out of the public printer's office in Washington on the subject of foreign trade, although, occasionally, some long suffering executive of some reputable firm, to ease his own mind, would address a mild letter of protest to Washington, which, so far as I know, would generally be pigeon-holed. That has been changed of late years, due largely to the efforts of our organization in New York, The American Exporters' & Importers' Association, and I am glad to say, that I once heard Dr. Pratt, Chief of the Bureau of Foreign & Domestic Commerce, make the statement at a luncheon of our Association, that, since assuming his high office, he had made a study of the "professional exporter" and his methods which had convinced him that very many unjust opinions had been promulgated about us, and that he, himself, had learned to respect us after correctly learning our ideas and procedure. I do not pretend to remember his exact wording but give the substance of his remarks. I see our Chairman is getting uneasy as closing

time is upon us, so I cannot say very much more that is in my mind. I would urge upon each and every manufacturer having a mind to enter the foreign trade (to do business either direct or through the mediation an export commission house) not to do so, until they have given careful study to the market they wish to "invade," have made up their minds to conform to the needs of the trade in all respects, and are willing to shoulder the rather heavy incidental expenses of traveler, traveling expenses, etc. If they go after the business in the half-hearted and incorrect manner that has, unfortunately, been only too evident in a great many instances (since the outbreak of the war, especially) they will not only defeat their own aims but add to the bad name which has attached to the American merchant, especially in Latin America, in the past couple of years. Let them make up their minds to attend faithfully to the necessities of a trade they desire, to be true to correct business morality and "do their little bit" to create an increased respect for the American business man and his ideals. I could speak more at length, and more forcibly, on this subject, did time permit, and, I might add, that I could quote many instances, which have come under my observation during a trip of over six months to Argentina, Brazil and Uruguay from which I have recently returned, of the discredit and opprobrium which have been attached to American trade methods in those countries by the dishonest and unfair tactics adopted by firms who appear to have seen but a chance to "get rich quick" at the expense of our neighbors in the South, during this unprecedented opportunity for a legitimate expansion of business with them.

The trip I made last year was about the tenth time I have visited the East and West Coasts of South America, and, in all truth, I can say that I was appalled, then, at the blunt manner in which our methods were assailed on all sides. Many times was the statement made to me, which you have all no doubt heard before, that "we will only buy from the United States now when we have to, but just as soon as the war is over and our previous sources of supply are again free to us, we will have nothing more to do with American houses." Let us all "get together" to try to dispel this idea that we are all dishonest, and see if, by treating the South American as a friend and a valued customer, necessary perhaps to the development of our own business interests, we cannot dispel the existing idea as to our business methods, and help to achieve the very object for which such representative gatherings as this Convention

meet. Our slogan, "Greater prosperity through greater foreign trade" will be but a joke if correct means of obtaining and holding the respect and esteem of foreign peoples are not studied and faithfully followed. I thank you for your attention.

DR. E. E. PRATT, Chief, Bureau of Foreign and Domestic Commerce, Washington, D. C.: After a word on the Webb Bill I want to say something about the relationship between the export commission house and the manufacturer, because I think that is a very important matter. The Webb Bill, as passed by the House of Representatives, provides merely for the exemption of foreign-trade combinations from the provisions of the anti-trust law. The bill has been up for hearings before the Senate Committee for the last two or three weeks. Some members of the committee favor a bill that will specify just what the manufacturers will be permitted to do, instead of merely exempting combinations for foreign trade from the provisions of the anti-trust laws. This bill has nothing to do with domestic trade, and I do not think it would interfere in the slightest degree with the domestic business.

With reference to the relation between the commission house and the manufacturer: I want to say, in the first place, that the commission houses have been largely responsible for our foreign trade, particularly in manufactured articles. I think that the estimates of Mr. Ring and Mr. Lindo on the business done by the commission houses are too small. I should say twice that much, and probably more.

The man who said there are different kinds of commission houses hit some of your difficulties. I have been astonished at the attitude of many manufacturers toward the men who ask to represent them in foreign markets. It seems to me that any plausible individual can go to manufacturers and accumulate a line of agencies, no matter if he represents some paper concern that has absolutely no salesmen in foreign territories and absolutely no connections. I doubt very much whether some of you manufacturers have ever looked up some of those concerns. About two hundred and fifty export commission houses have been formed in New York City since the beginning of the war. Probably two hundred have already gone out of business and forty-eight or forty-nine will go out within the next six months. The manufacturer who does not use ordinary caution cannot expect proper treatment and deserves to be eliminated at once from the situation.

Much of the misunderstanding about the relations between the

manufacturer and the commission house arises from confused ideas as to the functions of those two organizations. A gentleman here hit the nail on the head when he said that the commission house is not a business getter. The commission house represents the foreign purchasers in this market and that is why it is paid a commission. You cannot expect people purchasing your goods and acting in the capacity of purchasers to go out and boom your business. You should draw distinctions between the three kinds of houses that do an export business. You should not call them all "export commission houses," because they are not all export commission houses. You have the house that does business on a commission basis and is accustomed to selling on commission to foreigners who purchase in this market. Such a house should not become a representative or an agency for an American manufacturer. Then, you have the export merchant who buys his goods outright and sells them outright to the foreign purchaser. He buys in the lowest and sells in the highest markets. Then you have the third type of export house, known as the manufacturers' agent, whose primary function is to represent American manufacturers in foreign countries. These houses not only sell American merchandise but take agencies and represent American concerns in foreign markets. These three kinds of export houses are confused by manufacturers, not only because they do not understand the distinctions that I have just outlined, but because the export houses have not confined themselves to any one plan. Many of the so-called export concerns are doing business on all three principles; you find many export concerns that are taking agencies and buying on commission in this market and at the same time doing an export merchandise business,—buying and selling outright. It is up to the manufacturer to choose the kind of export houses with which he wants to do business and to make sure that the kind of house he chooses does what he wants done. I am in favor of the professional exporter; I believe he has the real field. But that field is not formed half as much by the exporter or by the foreign markets as it is by the manufacturer. Whether business should be done direct or through an intermediary depends upon how much the manufacturer can afford to spend in order to put his goods on foreign markets. If you have not the capital to advance in foreign markets, to send your own salesmen, collect your own credit information, do your own routing of the goods, and invest a considerable amount of capital, you have no business doing business di-

rect. In that case you should look carefully over the field and choose the export concern that seems best to fit in with your general merchandising scheme.

My complaint against the commission houses is not that they do all the things of which they are accused, because reputable concerns are not guilty. My complaint is—and Mr. Lindo illustrated it very well—that there is too much secrecy about the business. If an export commission house really performs a service, there is no reason why it should not open its books to the concern dealing with it; but if it is not rendering a service, there is every reason why it should keep them closed. The export concern should welcome the manufacturers' assistance and the manufacturers should welcome any chance to co-operate. Personally, I believe the commissions paid, and the commissions the manufacturers are willing to pay to the export houses are entirely too low. You cannot expect to get a selling service for $2\frac{1}{2}$ or 5 per cent. You gentlemen—those of you who manufacture specialties especially—know that your selling overhead varies from 15 to 30 per cent. How can you expect to get service in foreign markets for $2\frac{1}{2}$ or 5 per cent?

If you want to go in for foreign trade, study your situation and decide what you want to do, what your merchandising plan is and how much capital you have to put into the foreign business. Then if you have rejected the method of direct sales, go to New York and ally yourself with the kind of export concern that will do the business you want done.

CHAIRMAN ROSE: Gentlemen, I think we have done some good work this afternoon. I am sorry I have to adjourn this meeting, for this room is needed, but I think this opportunity for exchange of opinion will do us all good.

GROUP SESSION NUMBER FOUR

Thursday, January 25, 1917, 4:30 P. M.

"BANKING AND INVESTMENT"

Chairman, MR. FESTUS J. WADE,
President, Mercantile Trust Co., St. Louis, Mo.

Secretary, MR. CHARLES T. GWYNNE,
Secretary, Chamber of Commerce of the State of New York, New York City

CHAIRMAN WADE: The Council wrote me and asked me to preside at this meeting and stated that if there were any subjects we desired to discuss germane to the foreign trade business he thought it better to leave the matter of such discussion to us than to attempt to arrange in advance a set program.

MR. LOUIS CHABLE, Manager of Export, International Paper Company, New York City, Vice-President, United States Paper Export Association, and representing also the News Print Manufacturers Association of the United States:

A question which I want to ask, is whether the bankers are willing to help us meet the new conditions forced upon us, by obtaining customers in foreign countries, in South America particularly, who heretofore have been dealing with German and English banks and getting long terms of credit.

I am not a believer in very long terms, nor have we found them necessary. We have found that we could impose our own conditions of a maximum of ninety days which, unfortunately, is a little too long when you make it "ninety days *sight*." And when we want to change the terms from "ninety days *sight*" to "ninety days *date*" we find some reticence on the part of the customer. He says, "I am accustomed to ninety or one hundred and twenty days *sight* and I must get that."

Now, could not the bankers help us by practically demanding "date"? Inasmuch as our national banking system insists on a three months' bill as the current bill, could they not insist on ninety days *date* instead of ninety days *sight*? In a number of things our customers are delightful people to deal with and we have never lost a

cent, but some of them have a charming way of putting off things from one day to another. When a bill is presented for collection you will be told that Mr. So and So has gone on a fishing trip or to a picnic and will not be back for several days. That is very nice for them, but it is not nice for us. We sell our goods expecting to get a certain profit, and if the time is extended by fifteen days or thirty days, as the case may be, in the manner above mentioned, the profit disappears.

CHAIRMAN WADE: That is, you want to change the system of ninety days sight to ninety days date?

MR. CHABLE: Yes.

MR. L. E. PIERSON, Chairman, Board of Directors, Irving National Bank, New York City: You mean as to whether the time could be changed?

MR. CHABLE: Whether the banks would help exporters in an effort to change the terms from *sight* to *date*.

MR. PIERSON: The exporter might ask his bank to follow our method: if he brings in a ninety days bill, it is discounted.

MR. CHABLE: What we would like is the help of the banks to implant those terms. If we could say that the banking system of the United States asks this fixed date of acceptance, practically demands it, that would be an advantage to us and would not gain the ill will of the customer.

MR. PIERSON: Well, suppose that in one country you want to fix it ninety days, then in another country four months, and then some one else comes and wants something different?

MR. CHABLE: We have experienced that in banking a man meets his obligations on the date, but in many cases have found that upon some excuse or another the fatal date is postponed by the party not being in "sight" when the bank collector comes for the acceptance, whereas if the draft were a *date* draft the incentive would not exist to be "out of sight."

MR. C. K. MCINTOSH, Vice-President, Bank of California, San Francisco, Cal.: You suggest that the bill be made *date* instead of *sight* in order that there may be no postponement of action in its acceptance?

MR. CHABLE: Yes.

MR. MCINTOSH: But you must know that on a bank's bills, if they be ninety days sight or ninety days date, acceptance is just as necessary as payment, and that failure to accept is a default of the bill.

MR. CHABLE: My point is this: we are trying to get the help of the banks in order to implant a certain system and custom instead of having loose methods like the "sight," with all the indefiniteness which it implies in the cases mentioned and with all the expense and inconvenience it entails upon the bank whose collector has to present the draft a number of times before its acceptance. I would like to know if the banks in this country, or the banks they are establishing in the South American countries particularly, would not be helping us by saying that they insist upon a date draft instead of a sight draft. You could help us considerably in that because, very promptly we could get those people to accept that as the rule of this country. Whether it be ninety days or one hundred and twenty days or one hundred and eighty days, just so that it might be *date* instead of *sight*,—a date bill from the time of the issuance of the bill of lading.

MR. C. A. HINSCH, President, Fifth-Third National Bank, Cincinnati, Ohio: What is the custom of other countries?

MR. CHABLE: The other countries have been giving *sight*.

MR. HINSCH: Don't you think that would present another handicap for American trade? It seems to me we are trying to get away from the customs that previously existed. Why not leave it with the trade associations, each to establish the rules under which it agrees to sell goods?

A DELEGATE: You must realize from your experience in foreign banking that if we are going to dictate any terms down there we must first establish our trade, and, after that, base it on terms that are satisfactory, just as at this moment we should not go down there and make the terms sight because, even if we did, the steamship service would handicap us, it takes so much longer to get goods from New York to Buenos Aires than it does from Europe to Buenos Aires. And if we are going to compete with European nations in the matter of exchange, what we can do in ten years from now is another matter. It is the custom to try to beat you out of fifteen or thirty days by holding a draft for the arrival of the goods: the best people do that. We have never lost a cent, but nevertheless that is a situation that exists and it is a situation that the European companies have to put up with the same as ourselves.

MR. CHABLE: If you have to compete on that basis and add a half of one per cent to the price of the goods, then the customer realizes he loses in the end and our trade suffers. You will have to cut the price of your goods. That custom has prevailed down

there and the German banks have allowed it and the English banks have allowed it and we will have to meet that competition. It is unfortunate, I will grant that; but there are a good many things of that kind which may look trifling. I don't mean to push my goods down the throat of my customer, but I mean to implant standards of credit.

CHAIRMAN WADE: Would not this discussion be better taken up with the executive committee of the American Bankers' Association to the end that they might call attention to the banks of the country rather than a group of men such as we are here, in order that we may get the whole situation before the banking fraternity of the nation?

MR. CHABLE: Don't you see, Mr. Wade, there is a greater incentive for an exporter in this business to do business if he knows that his business can be done on a fixed basis?

CHAIRMAN WADE: Yes, but what you want is to get the bankers of the nation to agree to a certain principle.

MR. CHABLE: Yes, to help us.

CHAIRMAN WADE: Which means help the bankers.

MR. CHABLE: To say, just as we are limited here to acceptances, notes of thirty, sixty or ninety days, we would like to establish the system of thirty, sixty or ninety days—that is, *date*—instead of sight Term Acceptances.

CHAIRMAN WADE: Will you make a motion referring this proposition to the executive committee of the Bankers' Association?

MR. CHABLE: I would like to very much.

MR. GEORGE J. FINK, Manager, Banking Dept., Lunham & Moore, Freight Brokers and Forwarding Agents, New York City: Our firm acts as foreign exchange broker for a great many exporters, and in that capacity we sell bills of exchange drawn on all parts of the world, including a great many on South America. I do not know of any objection on the part of our banks to handling *date* bills on South America, whether they are at ninety days after date, one hundred and twenty days after date, or whatever number of days after date they may be drawn for; they are quite willing to handle them, and I have even discounted with our banks many such bills drawn by our clients. Our banks will handle bills drawn after *date* just as readily as they will bills drawn after *sight*, and sometimes more readily so because of the possibility of pre-determining the exact due date. In the end, the matter of discounting bills, whether they are *date* bills or *sight* bills, is one of financial respon-

sibility and business standing of the drawer, because of the recourse the bank has against the drawer in case drafts meet with dishonor. I do not think our banks aspire to dictate what the terms should be between the seller and the buyer, nor do I think it is their function to do so, except in an advisory way in the interests of the drawer.

MR. CHABLE: It was just a date bill that I was talking of.

MR. FINK: That the bills ought to be drawn at date? But even at the present time the banks have no objection.

MR. CHABLE: I would like more than the "no objection," their advising the *date* draft even to the exclusion of the *sight* draft.

CHAIRMAN WADE: Do I hear any second to the motion?

(Motion seconded).

CHAIRMAN WADE: It is moved and seconded that the Secretary be directed to call attention to the executive committee of the American Bankers' Association of the point made, namely: that it is thought wise to refer to them for consideration the suggestion to make those bills due after date rather than after sight.

MR. PERCIVAL FARQUHAR, Brazil Railway Co., Port of Para, International Products Company, New York: Does this meeting think it wise to do that at this time?

CHAIRMAN WADE: That the meeting must determine, not the Chairman.

MR. A. A. WILSON, Assistant Manager, The Canadian Bank of Commerce, San Francisco, Cal., having 370 branches, chiefly in Canada, and agencies in New York, San Francisco, Seattle, Portland, Ore., Mexico City and London, England: In many of these conventions, insofar as my experience goes, a great deal of work is done and resolutions are passed and presented to bodies other than the proper bodies to deal with the matter. Therefore, the usefulness of the convention to that extent is lost. Now, it seems to me, from my limited knowledge of American banking, that you are proposing to take a step in which the initiative should not be taken by the bankers or the Bankers' Association. It seems to me that you are only putting up to the Bankers' Association for consideration a subject which it will obviously refer to the trades, in connection with which this business is being discussed.

CHAIRMAN WADE: What is your suggestion?

MR. WILSON: My suggestion is not to allow this subject to go before the American Bankers' Association. I think there is nothing in it from the banker's point of view.

MR. CHABLE: I had hoped that the banking element would help us. I withdraw my resolution.

MR. R. E. JONES, Royal Bank of Canada, New York City: I don't think it is a question of the attitude of the bankers on this matter at all. The bankers are willing to help. I do not like the gentleman to withdraw his motion in reference to the proposition.

MR. CHABLE: I would like the bankers to consider that, especially when Mr. Jones can tell you of the experience of their own men all over those countries. In South America particularly, in which I have traveled, I have found the bankers, the British banks, state it is very difficult to get a sight bill accepted because you seldom find the individual in, whereas, if you have a date bill, it has to be ultimately accepted from that date.

MR. FARQUHAR: You yourself, Mr. Chairman, have laid a great deal of stress, and most properly so, on the advantage to the American manufacturer of making sales abroad. To enable this to continue to be done the American public must take foreign securities of some sort. If collateral loans to foreign governments are made with securities of a mixed nature behind them, carrying, even if the collateral is taken, the control of no properties whatever, the advantage to the American manufacturer is limited to the orders for munitions and supplies given by the proceeds of the loan. On the other hand, if foreign railways or industrial properties are taken over, the amounts paid for them will provide to the same extent for orders for munitions and supplies, and will in addition give continuing orders for railway supplies, locomotives, rails, bridges, machinery, coal, etc. This will place us on the same firm foundation for foreign trade on which Great Britain stands. You all know that the major portion of the business of her car works, locomotive works, bridge works, etc., are for English railways abroad and received irrespective of prices from other sources. Her coal forms practically 50% of the cargo of her merchant marine, carried at times that suit the traffic, and this with the manufactured articles referred to are the basis on which her merchant marine stands, and until we get a similar basis we cannot establish a merchant marine on a firm foundation.

It seems to me that this matter is precisely the business of this Convention; that is, to consider in what form the provision of American exchange for the nations of Europe to pay for their munitions and supplies purchased here will carry with it the greatest advantages for this country; not only at present but for continuing trade

after the war when present munition and supply orders have ceased, and if it becomes clear that this should be done in as great part as possible by the acquisition of the best foreign properties, is not the starting of this precisely the thing that interests the Foreign Trade Council?

Some method must be found to break the vicious circle of the inability of the banker to finance such acquisitions owing to the inexperience and ignorance of the American public concerning these investments, which inexperience and ignorance must remain until one or two successful investments of this sort are made, starting the groove which can then be followed more easily by other cases. So far not the slightest particle of progress has been made in this regard. Since the war has broken out only one property owned abroad has been taken over, and that near New Orleans. Not one of the gilt-edged foreign railways has been negotiated for. There are, for instance, railways that stand in their record of dividends, condition of property and solidity with the very best of our properties here. We have come into the investment field generations after Europe and we now have an opportunity to take first choice of the best proven properties. Why should we not take advantage of this opportunity?

CHAIRMAN WADE: May I ask what you mean by properties?

MR. FARQUHAR: Railways, public utilities, large cattle ranches, iron, manganese, nitrate mines, etc.

CHAIRMAN WADE: It stands to reason that the American investors will not purchase the stocks and bonds which are subject to the income tax, which is large and may become larger, without control of the management, so that I should think from our standpoint we would want entire properties.

MR. FARQUHAR: We all understand the advantage of buying in the cheapest market and we search for it. The properties in neutral countries owned by belligerents can be secured at less than normal prices, while at home, owing to our exceptional prosperity and the large importations of gold with the fabric of credit built upon it, our securities have reached prices at which they may not remain when the war is over.

MR. WILLARD STRAIGHT, New York City: Mr. Chairman and Gentlemen, I most heartily endorse Mr. Farquhar's suggestion. I think that I know Mr. Farquhar has been talking along this line for some time,—a prophet crying in the wilderness,—because nobody has been willing to listen to him. I think it important because it

seems to me that in connection with South American finance particularly there is an opportunity for us not only to do very real service for ourselves, but to be of service to our friends. It seems to me that it might be possible to work out some basis whereby we will not propose to take absolute title, but be willing to be interested in these properties, to co-operate and thus secure a share, and not all, of the profits. Our friends are very apt to resent an attempt on our part to go to Europe looking for bargains. I know that on a recent trip I found that many people were a little inclined to question our motives and often had a chip on their shoulders. They felt that, as Americans, we were trying to take advantage of their embarrassment to buy up everything in the world.

There is another matter which I think perhaps is worthy of consideration by this gathering. There has been, during the two years just past, and previously, a good deal of discussion as to the relation of the American government to enterprises abroad. The assertion has been made very frequently that American bankers could not be expected to invest abroad when their government was not prepared to support them. Of course, with the example of Mexico before us, you may be somewhat surprised when I say that I think that bankers too frequently, and the public to a great extent, have had a wrong conception of the functions of governments. It seems to me that it is not the business of bankers to go into countries with their clients' money where they expect to have their government intervene to collect their debts. I don't believe it is sound business.

Aside from the question of Mexico, American investors abroad have received, as far as I know, and will continue to receive, the support of the diplomatic officers of the Government.

CHAIRMAN WADE: May the chair suggest that Mr. Farquhar draw up a resolution?

MR. FARQUHAR: I would say that I do desire in this gathering to point out this: I think the government has been immensely accused, unjustly accused. It may be sufficiently accused, but stop for a moment and think if it is.

A DELEGATE: Might I not be permitted to say that I have never heard of bankers expecting support to be considered as debt collection. The support is the support of what treaty rights we have.

MR. WADE: Gentlemen, that is a subject that is very large and which I am intensely interested in, not as a banker, but as an American citizen. The whole basis of foreign trade must necessarily be credit. Every time you export or import, whether it be

a ninety-day bill or a sight draft or a documentary bill, it is credit, and if we, as bankers and people advising others to make investments, are afraid to trust the people of the world with our credits we will never bear the burden of business we should. Stop for a moment and consider what would happen, what the value of your business would be if, perchance, we quit exporting or we quit importing. It is not a question to my mind as to whether Europe will be honorable. It is not a question as to whether they have a desire to meet them, but it is a plain question, they must meet them. They must have our foodstuffs and they must have our exports of the various kinds, and we must have what we import from them. We do not buy from them because we love them, nor do we sell to them because they love us. It is a business proposition. I want to emphasize in the few remarks I made this afternoon that loans made to foreign nations, Germany in its present stress, France and Russia, are extraordinary. Whatever they agree to pay in this country will never be repudiated. Doubtless they will have to have extensions, just as we financed our war. It took us fifty to sixty years. The wealth of the warring nations runs \$475,000,000,000.00 and their external debt is less than \$1,500,000,000.00.

It is not a question whether we are pro-Ally or pro-Central Powers. It is a question of business—a question of foreign trade. I have my own sentiment and preference but that does not blind me to the fact that both the Allied Powers and the Central Powers are capable of meeting their external obligations and will do so at the end of the war. One thing I am Pro in and that is, I am an American citizen and I want to encourage that credit be granted to all of these nations at war and at peace, to the end that our dear old flag will fly at the topmost point of the world's trade and commerce. These nations should have credit. They are entitled to credit just as we were entitled to credit during our Civil War.

A DELEGATE: Mr. Wade, do you want to put an expression in the way of a resolution that we may consider along these lines, something to the effect that the bankers and the business men and the investors of the country recognize the credit of the foreign nations? I introduce that resolution and suggest that you phrase it. I don't care to do that.

CHAIRMAN WADE: Resolved: that it be the sense of this meeting that the merchants, manufacturers, and financial institutions of the United States extend to the warring nations, as well as the neutral nations, credit to the fullest extent in order that the cus-

tomers of this nation may be developed, always bearing in mind, however, that such loans must be based upon the wealth of the nation and be paid in the American dollar in the United States of America. You have heard the motion. Is there a second to it?

(Motion seconded.)

Mr. Lewis E. Pierson took the chair here.

A DELEGATE: At New Orleans last year the delegates, I believe, instructed the chairman of the groups that no resolutions were to be adopted or presented to the convention. Has this policy of the convention been changed this year?

CHAIRMAN PIERSON: I am hardly familiar with it. May we ask you, in the absence of other information on the subject, just how they wish to get value out of these meetings? In the proceedings? I see here that reports will be required from the various groups, and unless it crystallizes to some extent the questions discussed at this meeting, of what value will be the report? That is, we express the sentiment here and simply embody it in a report as being the sentiment of this group.

MR. JOHN J. ARNOLD, President, First National Bank, Chicago, Ill., member of the National Foreign Trade Council: I know the policy of the Council is not to have resolutions passed, either by the Convention as such, or by Group Sessions, but that the Proceedings of the Group Meetings, this general discussion, should be promptly edited by the chairman or secretary and presented by him, not as the action of the group, but as a discussion which belongs in the group.

CHAIRMAN PIERSON: For instance, we take this question up, and after it is discussed it would go into the group report. Is that the idea? Unless some other gentleman can show an error in that way, I would suggest that we proceed along these lines.

MR. ARNOLD: There are several thoughts I should like to emphasize in connection with the question of extension of credit to the European nations. I agree fully with Mr. Wade, but there is another element which I think should be brought up.

The financing of exports and imports between the several countries of the world, in time of peace when conditions are normal, has been done largely on a credit basis. Thus the importation of coffee from South America or tea from the Orient was financed under sterling letters of credit opened by American banks through their London correspondents.

The shipper would draw his draft, not upon the American

buyer, but upon the London bank, the tenor of such drawings being dependent upon conditions arranged for between the buyer and seller, frequently running ninety days to four months, and even as long as six months. When the draft was accepted by a London bank, the same, as a rule, was offered for discount in the open discount market of London.

At the outbreak of war, the financing of exports from the United States to the belligerent nations, principally the Entente Powers, immediately swung from time transactions to partly cash in advance and f. o. b., New York. As the balance of trade turned in our favor, it became necessary for the foreign governments to borrow in the American money market in order to secure funds wherewith to meet these cash contracts. To accomplish this end, government bonds and treasury notes were sold to the American bankers and the proceeds deposited in our banking institutions, out of which payments were made from time to time as shipments were completed. In this way our deposits were augmented in the same ratio as our investment account was increased. In other words, we are constantly increasing the solid and proportionately decreasing our liquid assets. European banks in this regard show a very unhealthy condition. The statements indicate that most of the European banks are carrying investments of this character to the extent of from three to five and six times their capital and surplus; and it undoubtedly was with the European situation in mind that our Federal Reserve Board found it advisable to issue a note of warning to the American banks to prevent them from coming into a similar position. That the leaders of England recognize the danger of this position is evidenced by the report which was recently published to the effect that the Chancellor of the British Exchequer cautioned the English bankers in a manner similar to the action taken by the Federal Reserve Board in our own country. Foreign government bonds and treasury notes are not re-discountable in our Federal Reserve organizations, and consequently cannot be made liquid should the need arise.

Insofar as the ninety-day state treasury notes are concerned, however, it would appear that the financing could be accomplished through reverting back to the system in operation prior to the war, known as bankers' commercial letters of credit. To illustrate: when the English government places an order with an American manufacturer, the British Chancellor of the Exchequer could authorize English banks to open a ninety-day credit through some one or more of

the American banks, covering the transaction. As soon as shipment is ready to go forward, the American manufacturer would draw his draft covering the amount involved upon the American bank. After the same has been accepted the document would immediately come into our discount market at the prevailing discount rate. The moment, however, the holders of these bills would find it necessary to do so, the same could be re-discounted with our Federal Reserve institutions. Thus it will be readily seen that these bills could be figured among our liquid assets instead of in our solids.

Aside from this, however, responsibility as to its final payment would be more equitably distributed, inasmuch as the manufacturer, who makes the largest share of the profit out of the transaction, would be held responsible until settlement has been finally accomplished.

In addition, it would appear quite logical that the American manufacturer should accept payment for shipments, at least in part, in foreign government bonds and treasury notes, for distribution among stockholders, in lieu of cash dividends. Such securities also could be pledged with the American banks as collateral covering loans made to American manufacturers.

This method of financing the European countries would probably not prove as satisfactory to the stockholders of our manufacturing industries, but undoubtedly would be best for the nation as a whole.

CHAIRMAN PIERSON: Then I put it briefly. The form of the resolution is broad enough to cover that point.

MR. ARNOLD: Yes, it makes our whole credit system more elastic, more liquid, and at the same time puts all parties concerned back of the document until it is finally collected.

CHAIRMAN PIERSON: Are there any further remarks?

(Resolution adopted without dissenting vote.)

MR. FRED E. FARNSWORTH, General Secretary, American Bankers' Association: As I understand it, Mr. Farquhar, the proposition is to distinguish between loans and investment; instead of making loans to foreign nations on collateral securities of their utilities, that we intimate to these foreign nations that we take over these properties. It seems to me that there is a defect in this plan. As I understand it, the suggestion of the Foreign Council is that it would be a good thing for us to make foreign investment, but Mr. Farquhar's resolution is that we take over foreign properties

to some extent, and as a result of this control we create a market for our manufactured products.

Now, another thing. This is not purely a private matter because the borrowing against the collateral securities mentioned is part of the Allied Governments' scheme of financing, and in arranging the matter with them the bankers have consented to take the collateral loans.

CHAIRMAN PIERSON: Would you like to offer any other motion?

MR. MCINTOSH: No, it is not that. My first idea was only to avoid reiteration of a policy set out in a very excellent address last year by the present President of the Council which recommended the same thing. You see, to acquire the whole of the properties, they must be in some form that they can be developed. You don't expect centralization of these properties in one banker's hands, and we have no security for the sole ownership being in our hands for fifteen minutes. No doubt he means to take them from the English investors who are in position to sell them to American investors. That is your idea? Control of those properties, for instance? I take it that Mr. Farquhar's resolution really goes a great deal further than the formal attitude of the association heretofore.

MR. PERCIVAL FARQUHAR, Brazil Railway Co., Port of Para, International Products Co., New York:

RESOLVED, That the Foreign Trade Council call the attention of the bankers of the United States to the advantage to American industry that we provide European countries a portion of the exchange required for the continuance of their purchases of munitions and supplies, by the acquisition of some of their foreign public utilities and industrial properties, in this manner giving to our manufacturers continuing business in materials and supplies *annually required* therefor, which is not a consequence of the provision of exchange through collateral loans.

In case of a long war, it is a safeguard to the European countries themselves to have some of their financing provided definitely through the sale of properties rather than to base all of it on short term loans. This, it is understood, is the view of some of the governments concerned.

From the standpoint of the American investor, the fact that these purchases will be made at less than normal prices is an additional element in *their* favor.

CHAIRMAN PIERSON: Which, of course, would be embodied not as a resolution but as an expression of opinion of this group. Is that motion seconded?

MR. MCINTOSH: Your resolution intimated to me that you had in mind the beneficial effect of investing in foreign industrial enterprises as well as in foreign national loans. Why would not this be sufficient—simply reaffirm the desirability of taking, in ad-

dition to national or governmental loans, investments in industrial enterprises? Isn't that all you have in mind?

MR. FARQUHAR: Simple investments would not accomplish the purpose in view, unless they went so far as to carry the control of the stocks of the companies concerned. Against this there is: first, the objection of remaining subject to the heavy income tax of foreign governments; and, second, the indisposition on the part of these governments to selling us the control of the stocks, retaining themselves the bonds and a small minority of the stocks.

MR. MCINTOSH: There have been two lines of discussion on foreign investment since this organization came into being. One of them was direct loans to governments in definite forms; the other is investment in industrial enterprises in foreign countries. Isn't this what you mean? Wouldn't it be sufficient to call attention to the great desirability in financing our trade to invest in industrial and public utility enterprises in foreign countries?

MR. FARQUHAR: This could hardly be called sufficient, as such investment, unless it carried with it control, would not give us the management of the properties and would not bring annual orders to American manufacturers for supplies and materials. Even if such investments carried the control of the stocks of the foreign companies, they would be subject to the present large income taxes which not impossibly may be even further increased. Again, there is the difficulty, if investment is made in such a piecemeal, incoordinate fashion, that we might find ourselves with varying small, non-controlling blocks of securities in these different companies, with the impossibility of completing the control at reasonable prices. Is not the only safe way to make our purchases contingent upon the obtaining of a sufficiently large block of the different classes of securities of the foreign company concerned, to enable it to be liquidated and the properties transferred to an American company, which is the only way to insure American investors not having to pay the expenses of the European war through the income tax, and giving complete American management?

A DELEGATE: But, unfortunately, our bankers find it easier to sell collateral bonds of foreign governments secured by small proportions of the securities of different foreign public utilities and industrial enterprises.

MR. FARQUHAR: It is precisely owing to this fact that I have suggested the resolution for your consideration.

In some instances it has been found possible to satisfy the

banker himself as to the soundness of the principle of the resolution but he is confronted by the difficulty of the public ignorance in such foreign investments and he sees the difficulty he will have in educating the public. The banker, of course, is entirely dependent upon the public's willingness to take securities from him, as otherwise his own capital would be quickly locked up and he would be out of business. The question is, how to persuade the banker to make the effort to educate the public to invest in the acquisition of foreign railways and industries, which will necessarily require a tremendous effort on his part and that of his machinery of distribution; more, in fact, to finance a twenty-five million dollar railway or industrial purchase than five or ten times this amount of a government collateral loan. On the other hand, after such an effort has once been made and has proven successful, and the public gets accustomed to judging these properties, the situation will be entirely changed and the banker's task in selling the securities necessary for the acquisition of further such properties will gradually become a normal one.

MR. STOWELL BANCROFT, Hornblower & Weeks, Boston, Mass.: I can't understand how you figure that this can partly take the place of foreign loans. How can the acquisition of properties, which must be done through an investment banker and cannot be done in the form of a loan to a foreign country, provide exchange for the foreign governments?

MR. FARQUHAR: Such a sale to investors here of properties owned in Europe provides for European markets American exchange which the European governments can then acquire in their own markets through the money provided by their domestic loans; and it is, therefore, the same thing, as far as exchange is concerned, to these governments as if the United States had made a direct loan to them.

MR. MCINTOSH: I think that the importance of the whole matter of loans to foreign governments is not appreciated; not only do they provide dollars to utilize for exchange, but they furnish the nucleus for the future commerce with ourselves and the sentiment in our favor on account of our having done so.

CHAIRMAN PIERSON: Suppose we listen to the resolution again, Mr. Farquhar.

(Mr. Farquhar read the resolution.)

MR. MCINTOSH: Do you wish to reiterate by the adoption of

this resolution what has been said before many times on practically the same subject?

MR. FARQUHAR: It is intended to.

MR. A. A. WILSON: I would like to ask if Mr. Farquhar has knowledge of any one instance where the complete financial control of any public utility or industrial has been placed at the disposition of the British government.

MR. FARQUHAR: You mean majority control?

MR. A. A. WILSON: Yes, majority control, which only could bring about the situation that he referred to.

MR. FARQUHAR: No British owner has offered to the government the control of any British property. When the British government wishes control it asks for the owner and signifies that it wishes control, and it is in a position to have its wishes listened to if its wishes are at all reasonable.

MR. A. A. WILSON: I do know that the British government, by reason of its powers, and of the sentiment of the nation, is in a position to exercise control over a large number of industries. I have never personally known of a case where complete financial control was offered to the British government.

CHAIRMAN PIERSON: All those in favor of the resolution say Aye.

(Motion carried without dissenting vote.)

CHAIRMAN PIERSON: Now, gentlemen, what else have you? I notice that we have one gentleman of the Consular service here, Mr. Smith.

MR. FELIX WILLOUGHBY SMITH, Consul at Tiflis, Russia, formerly stationed in Italy, Warsaw, Russia, Beirut, Aden and Batum: Mr. Chairman and gentlemen, I would like to take part in the discussion this afternoon, but it is impossible for me to do so as the discussion has reference to supplies for the war and, of course, we are not permitted to participate in any discussion of that subject.

The question of extending credits to foreign nations I fully endorse, and I think it applies more to Russia than any other of the belligerent countries. We have got to look to Russia for a great deal of our foreign trade. If Russia is not extended credit, it would oblige her to limit her imports as much as possible. It would not cut them off entirely, but it would certainly limit them. It is absolutely necessary for Russia to increase her imports. It is only by the development of that country that she will be able to pay her debts.

In order to obtain trade with Russia it is very necessary to give credits,—give credits to the government, to the municipalities, and also to private firms and individuals. I think American bankers have shown every desire to assist the governments in their financial operations. I have not seen so much attention paid to the wishes of the municipalities, and yet, to the American trade, that is of prime importance.

In Russia there are a great many towns which are advancing very rapidly. They are introducing all sorts of utilities, such as tramways, slaughter houses and water works, and these are numerous and extensive. The municipalities, in order to build them, must issue bonds, and in order to obtain the proper exchange those bonds must be negotiated abroad. The country that purchases those bonds will get the orders for these supplies. I, therefore, recommend that these particular bonds be considered favorably by the banking community.

Then comes the point of the individual or firm. It is almost impossible for a Russian manufacturer to finance his purchases, either in Russia or anywhere abroad. It is often not advisable for an American bank, without knowing the status of the purchaser, or being able to obtain the necessary information, to finance the purchaser. The only way is for American banks to come into close contact with the few banks of Russia and get their co-operation so that the American bank can finance the manufacturer on receipt of the documents until the goods are turned over to the purchaser, or just before that time, the documents being sent to the Russian bank. On receipt of those documents, the Russian bank turns them over to the purchaser and obtains his note and discounts it. In this way such a relation should be established.

I should like to answer any questions if you have any. I thank you, gentlemen.

MR. MCINTOSH: You suggested that the American banker establish relations with the Russian banker. And was it your idea to have payment made in Russian funds?

MR. SMITH: I was thinking rather after the war. Of course I don't think it would be possible for us to get any great trade with Russia at this time, except with war materials and, therefore, I neglected this period altogether.

MR. MCINTOSH: Was it your idea to have the payments made in Russian funds? In rubles, for instance.

MR. SMITH: In rubles. I can speak with some degree of cer-

tainty, because in Siberian countries, where we have had a good deal of trade and many documents to handle, not only under present, but even under normal conditions, it was difficult for our merchants to estimate what they would receive at all. And so there are now deposited in Russian banks, to the credit of Americans, sums of money that were sent over there drawn in dollars, the exchange being refused and rubles deposited.

We have also been absolutely dependent on other foreign countries for our Russian exchange. I wish to get about as close relations between Russian and American banks as possible in order that the Russian ruble should not be a drug on the market and should have a well known value; otherwise speaking, a direct relation between Russian and American banks instead of through London. For this reason it is essential that we get in direct touch with Russian banks. The Russian merchant would be willing to stand a possible slight loss on the exchange value, if the relation is direct. It takes a great deal of time and trouble to make the extra calculation. Our manufacturers have, some of them, the same fault. But it would be better for our manufacturers to make the calculation, and present to the Russian purchaser the statement of the price of the goods in rubles, terms with which the Russian purchaser is familiar.

MR. THADDEUS C. WHITE, representing Messrs. George McBain, Finance and Mining, Shanghai and Peking, China: First of all, I want to say that I am not a banker. I come from Peking, China, and have been out there a good many years. I have listened to all the discussions that have taken place before this meeting here to-day.

What I want to do is this: The subject of China is a very important one and I can't let this meeting break up without saying something. The different gentlemen who have spoken before the meeting have mentioned Europe, South America, and the last gentleman mentioned Russia, and with the exception of Mr. Straight, no one has mentioned China.

Mr. Wade has just said, "Gentlemen, take your courage in your hands and let's help them (Russia and South America) out. No nation is going to repudiate its debts." That is just as true of China as it is of European nations or South America. China, in the last year or year and a half, has been making great progress. I have been in Peking for the last two years. I have seen everything that is going on and what has been done, and, with only two exceptions,

there has not been a hand held out to China. During all the years we have had intercourse between the United States and China, nothing much has been done. It has all been taken out in talk. Nothing of a special, definite nature has ever been done about China.

Now, the situation there to-day is this: Japan, as a result of this war, has made a great deal of money. Doubtless you all know more or less Japan's intentions with respect to China, and a great deal has been written and said about the "Open Door" in China. The only way to keep the door open is to do something and not talk about it. China needs your help. She is trying to succeed in the establishment of a new government and she needs money to do it with. She needs money in a great many ways. She needs money for railroad works, etc. Her credit is good. She has always met her foreign obligations promptly and in full. China, of course, is a very long distance from here and not much is known about her, as is the case with countries nearer home, but there are two things you do know; that she is a big country, and that the prospects for trade now and in the future are going to be tremendous. The eyes of China have been turned to the United States to get what they need in the way of imports and manufactures and foodstuffs, since the beginning of the European War.

Now, it is exactly the same with respect to finance, only more attention should have been given to it because it is needed more. The situation, as I was going to say, is this: Japan, as a result of this war, has made a tremendous amount of money. She has designs on China and she wants to get in deep there. We, in China, believe she wants to establish a Monroe Doctrine in China. She stands in Peking with a bag of money to lend. When she lends it she gets a great deal more back than she loaned in the way of contracts disadvantageous to China. We all know how much money has been made in the United States by the war, and you have plenty to lend China in her dire need. She needs it in the reconstruction of her government. Comparing the size of the country and the population of China, in respect to that of Japan, it is about ten to one. China's indebtedness to foreign nations is about six hundred million taels. One tael is about seventy-five cents, according to present exchange. Japan's indebtedness is easily five times that, and she is only one-tenth the size. Still you lend money to Japan to-day and you won't lend it to China. Now, why is it?

What I want to say in respect to this whole thing in regard to China is, do what Mr. Wade said: "Take your courage in your

hands and help her out and your debt will not be repudiated." You will get your principal and interest back in due time, and you will be doing great service to a country that is trying to establish a republic and trying to put herself on her feet.

CHAIRMAN PIERSON: Is there anybody here from Africa?

MR. A. A. WILSON: The last speaker is from China, but no one has said anything in particular of *Canada*. I have the honor to represent at this convention a Canadian banking institution doing business in several of the more important cities of the United States, so that, therefore, many of the very able addresses that were delivered in the general assembly room to-day were of a soul-stirring character to me as a Canadian.

Mr. McIntosh spoke, as did others, of the advisability of lending money to the belligerent nations. Mr. Wade spoke along the same lines, and I only want to touch upon one point that was not specially referred to, and that is the tremendous resources—Mr. Wade gave you some figures—the tremendous resources of the Allied Nations, and the absolute security and freedom of action which the United States bankers may feel in making these advances.

There is another phase of the question which was not dealt with. Since the war began evidences are not lacking of the fact that tremendous resources of Australia, Canada, and the other British colonies—to the last penny—are with the Allied nations in the conduct and the satisfactory termination to the Allied nations of this terrible struggle. It is, perhaps, not fully realized by many American citizens that in Canada, for instance, the wonderful wheat belt of the Western Provinces, and the extensive area of arable land there, has to this date been less than twenty per cent cultivated. And there are also most extensive mineral and lumber resources. These, gentlemen, as well as the resources of Australia which, also, have been developed comparatively little, are, to a great extent, back of the securities, which may be issued by these countries.

The Allied nations and Canada welcome the participation of the United States in these loans. It is only within the last two or three years that the United States loaned its first dollar to Canada, and I only wish to reassure any doubting citizen of this country of the tremendous resources that are at the back of these so-called foreign securities and I hope that the recent note of warning sounded by the Federal Reserve Board will not have a tendency to discourage investment in such securities.

CHAIRMAN PIERSON: If there is nothing further to discuss I

will appoint Messrs. McIntosh, Goodhue and Gwynne a committee to make up a report of this group meeting to be submitted to the Convention to-morrow morning.

GROUP SESSION NUMBER FIVE

Thursday, January 25, 1917, 8:00 P. M.

“COMMERCIAL EDUCATION FOR FOREIGN TRADE”

Chairman, CHANCELLOR SAMUEL BLACK McCORMICK
University of Pittsburgh, Pittsburgh, Pa.

Secretary, DR. GUY EDWARD SNIDER
College of City of New York, New York City

CHAIRMAN McCORMICK: Without deliberate choice, perhaps, and certainly by the compulsion of events the United States of America are thrown into the midst of world affairs and are compelled to take bearings and ascertain what part the nation is to play in the future history of the world.

Ministers of the Gospel for a hundred years as missionaries have blazed the way and have made America known in every nation of the world. The war with Spain suddenly converted America to the idea that no longer could this nation pursue a course by itself, but must in the progress of events become a world power. The present war in Europe has made this fact still more clear and has brought the American people face to face with the fact that it must now determine definitely its foreign policy and must cast its lot in with the other great powers on every continent. It is the time for far-seeing men, statesmen in politics, in commerce and in manufacture to come to the front and develop a national policy in international relationships, which will put America in her real place as world leader in the things that affect the well-being of mankind.

We are met here to-night to discuss one phase of this great problem,—Education for Foreign Trade—and I suspect that apart from the determination of the large question of general policy, no part of the preparation which America must make is more important than the education of young men who will engage in the activities connected with the extension of our foreign trade. A most interesting story to me was told in Washington a year ago, illustrating the policy of Germany in this respect, wherein a multi-millionaire

was said before the beginning of the present war to be training his four sons for commercial life, one in Russia, another in Japan, another in Argentina, and the fourth in the United States. America by reason of her remoteness from other great nations has not yet been conscious in any great measure of the influences resulting from close association with other people. We have been careless, for instance, about training our youth in the speaking and in the writing of modern languages, such as German, French, Spanish and Italian. Now that we have become conscious of the need of this and of other forms of education, we find ourselves suddenly confronting a situation which demands quickness of decision, energy in meeting the situation and comprehensiveness of plan in every direction in order that America, as a nation, may lay hold of the opportunity and of the duty suddenly thrust upon her. What should have been done in a period of many decades must be accomplished almost immediately. We must pay the penalty for our slowness to understand and our hesitation to act, when as a fact we should have understood and should have acted long ago.

However, it is useless to lament what cannot be remedied. It is ours now to act, and to act with the energy and the skill and the ability which have always characterized the American people. We must find out what needs to be done. We must arouse the whole people to the comprehension of the situation and we must bend all our energies to the accomplishment of the task immediately before us. No living man can foresee exactly what is to happen when this great war shall have been concluded. Labor problems, commercial problems, banking problems, political problems, problems of every sort, are to be met and must be solved by the genius of our leaders in America. All that we know definitely is that the world which is to be is to be a very different world from that which has been. Let us resolve that America shall do her part in the rehabilitation of the stricken civilization of the world and that this part shall be worthy of a great people and of a great government.

Believing the function of the Chairman is not to talk, but to introduce the speakers of the evening, I have now great pleasure in presenting as the first speaker a man whom I have well known for several years, and who has already done a work in the service of our Government. In spite of his youth he is distinguished as one of our most efficient public servants. Dr. E. E. Pratt, Chief, Bureau of Foreign and Domestic Commerce, will speak to us upon the subject of "A Government Employment Information Service for Foreign Trade."

"MEN WANTED FOR FOREIGN TRADE: WHAT THE BUSINESS MAN WANTS"

BY

DR. EDWARD EWING PRATT

Chief of the Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C.

Mr. Chairman and Gentlemen: At the last annual convention of the National Foreign Trade Council at New Orleans the subject of education for foreign trade was discussed. The need for men was properly emphasized. Since that time the demand for trained men has considerably increased. I base this statement on two general sets of facts. First, the business men interested in foreign trade whom I meet from time to time seem to be having greater difficulty in locating the right men for their work. We receive a constantly increasing stream of letters from manufacturers, bankers, exporters, colleges, organizations and others asking us to suggest men for all sorts of places which involve a knowledge of some phase of foreign trade. In the second place, our own task in finding men who are qualified for our work, and who are at the same time willing to accept the low salaries to which we are limited, is fast becoming one that taxes our resources and is a heavy drain upon our productive capacity. The same thing is true of the consular service, where the difficulties are in some ways even greater than our own. * * *

We should first look to our schools of commerce, and ask them at this time for an accounting. The same question is, "Are the schools of commerce training men for foreign trade?" It is not sufficient for the professors to point to a few language courses, many of which do not really teach the languages; nor to a general course on commercial geography; nor to a course on the history of South America; nor even a general course on foreign trade. Foreign trade has a technique of its own. No doubt many of the courses in the ordinary schools of commerce would make excellent stuff as a course leading to foreign trade. But the mere assembling of a few paper courses under a denomination that will attract the unwary student interested in the subject is not sufficient. Frankly, there is no school of commerce, or any other school to-day, that is offering a substantial training in foreign trade to which you or I can recommend the young man who comes for advice as to how to train for foreign trade.

WHAT SCHOOLS OF COMMERCE SHOULD TEACH

I think we have a full right to expect that the schools of commerce shall provide sound instruction in the basic, underlying studies of importance to the men engaging upon foreign trade. A good business man must know the principles of economics. Some of us have acquired our knowledge of these principles in the schools and have later reinforced it with the lessons of the business world itself. Others of us have acquired this knowledge almost wholly in the business field. This is something that the universities generally, and especially the schools of commerce, can be expected to give. The schools of commerce can rightfully be expected to give special emphasis to the aspects of an academic course in economics which bear directly on foreign trade. Professor Taussig, in his "Principles of Economics," has a very valuable section, of some length, on international trade. This is the sort of thing in which we have a right to expect the schools of commerce to provide specialized instruction.

Then there are the broad academic studies that will tend to give a knowledge of conditions in foreign countries. We have a right to expect that the schools of commerce will give good solid courses in commercial and economic geography and in modern history, using the term in the sense of current events rather than as applying to the whole period of history from the middle ages to date. We have a right to expect that the student who goes to the university with the idea of fitting himself for foreign trade work will come out knowing something about the general principles of the exchange of commodities between nations; the climatic, industrial and commercial considerations on which such exchanges primarily rest; the principles on which customs tariffs and international commercial treaties are based; the geographic, social and industrial and commercial life of people in other parts of the world; the principal considerations and facts about transportation, in this country in contemplation of export, on the seas, and abroad; and the principal considerations of theory and practice in foreign exchange in the sense of the monetary adjustment of international commercial relations. Some of these subjects may have a rather academic ring to them, but I think all of us appreciate that the more we know about these things the better equipped we are to discuss foreign trade and direct our business efforts in foreign trade. There should be specialized courses in our schools of commerce covering these various top-

ics, whether they are covered under the heading of economics, or commercial geography, or any other designations.

FOREIGN LANGUAGES

Then there is the foreign language question. Here is another subject for which we have clear right to look to the universities, and more especially the schools of commerce, for proper instruction. No matter how practical the use of a foreign language may be, the process of acquiring it is of necessity bound to be more or less academic in nature. The trouble with our schools of commerce is that they are too apt to regard their functions as entirely fulfilled when they provide a few courses in which these matters are touched on. From my personal opportunities to observe and talk with the products of some of our schools of commerce, I am convinced that as yet the schools are not providing the extent or the quality of instruction in these lines which we have a right to expect. It may be perfectly proper for the man who has taken an ordinary classical course in college, or an engineering course, to apply for a foreign trade position, stating that he knows a little about commercial geography and has had a general course in economics in which foreign trade was mentioned and that he knows "the usual college French and German." The thing that is worrying me is that the graduates of our schools of commerce to-day are all too apt to come around with just about the same sort of hazy academic equipment for foreign trade work. This I consider is inexcusable. There is something rotten in the school of commerce where the foreign language courses are handled along precisely the same lines as those in the college department, or where the students are referred to the college department for their language courses. We are not interested in making grammarians out of our students in the schools of commerce; we are not in the least concerned with philology and literature as such; we do want our students to get a good and practical work-a-day knowledge of two or three of the principal foreign languages so that they will be able to read a foreign trade review or business letter and write a simple letter of acknowledgment or business letter in a foreign language, and to have enough conversational ability in the foreign language to enable them to carry on an ordinary business conversation, and not to have their conversational familiarity with the language limited to the knowledge of a few isolated words for railway and hotel use. Any institution of learning in this country that has a school of commerce should see to it that no man can get

out of it with a degree who is not able to make it apparent that he has had specialized training and is to a substantial extent a trained man in commercial subjects.

PRACTICAL ASPECTS OF FOREIGN TRADE

But even let the schools of commerce give us good courses in the subjects I have mentioned and yet to my mind their duty to us is not completed. We have a right to expect something beyond the basic studies and language courses; we have a right to expect something on the practical aspects of foreign trade. Some of our schools of commerce are giving such courses to-day, but from my personal experience and conversation with students and graduates, as well as with the instructors in such courses, I have very grave doubts as to the value of most of this instruction. I know of one good course on the practical side of the export trade being given in Chicago, another in New York City, and another in a New England school of commerce. In these courses the students are required to get a good familiarity with the phraseology, the documents, the method and procedure of actual exporting. In some of our other schools of commerce, where they pretend to give similar courses, I know that the instruction is not adequate. I had a recent example of an applicant for a position in our Bureau who was a graduate of one of the leading schools of commerce in the country, had specialized in foreign trade, and yet did not know the difference between a bill of lading and a bill of exchange. That sounds almost too bad to be true, but it is an actual fact. We have a right to expect that the schools of commerce will provide substantial courses on this practical side of the export business.

We must look to our colleges and universities for this training and we should hold them strictly responsible for two wasted years, and as many more, until they get down to business.

Up to date, the most practical and at the same time most considerable academic work in training men for foreign trade has, I believe, been done through the medium of a correspondence course which aims, at least, to cover the essentials in the foreign trade field.

Let a man have good courses on the lines that I have already mentioned and the chances are that he will yet be far from capable of starting in to fill the shoes of a trained practical man. I think there is a great field for our schools of commerce to supply men who have had the training which I have suggested as fitting them

for entering the export business. Their education, however, cannot stop there.

After all, there is nothing quite so good in the line of education as actually doing the job. But when with the actual doing of the job there is coupled the scientific, well-planned, carefully-thought-out instruction in all phases of the subject, the result will be even better. The National City Bank has inaugurated a plan of education which adapts in this field the principles that Dean Schneider has so well worked out at the Engineering School of the University of Cincinnati.

The National City Bank will soon have a group of picked men in the field, and they will be thoroughly trained in theory and practice. The Standard Oil Company has been doing a similar piece of work for many years. Other business organizations have begun, or are beginning similar work.

Those beginnings of education in our business establishments have come about because there was an acute need for men. They found it necessary to take up this work because the colleges had failed to do their job. I hope, however, that the two can come together in the near future and each take up that part of the work for which it is best fitted.

The need of trained men is acute; it is felt in every part of the foreign trade field. At present there is, outside of a few business establishments, no really adequate training available. * * *

Part of our difficulty of getting men trained to do foreign trade is due undoubtedly to the scarcity of material. It is also in part due, it seems, to the lack of any method of bringing the man and the job together. I am confident that there are many men, here and there, in this country and abroad who could creditably fill many places that are now unfilled. It is in this respect that I believe that the Bureau of Foreign and Domestic Commerce can render a definite and concrete service.

A GOVERNMENT EMPLOYMENT EXCHANGE

We propose to begin on July 1 an employment exchange, for men who have had actual experience in foreign trade, or who are in some way or other definitely qualified for foreign trade work. Applications will be placed on file only of those persons who have had experience along the following lines:

First, those who have held responsible positions in export departments of concerns engaged in export trade.

Second, those who have had actual experience in the foreign field as trade representatives, and,

Third, those who have had actual experience in the import trade in a foreign country.

We propose:

(1) To permit any man who falls within the specifications to register a full statement of his qualifications, with references, etc.

(2) To insert a blind notice in "Commerce Reports" on two occasions.

(3) That these applications will be filed, and indexed in several ways,—by language, by lines of business, by particular occupations, i. e., salesman, credit man, foreign exchange man, etc., and in any other way that will be helpful in more easily identifying the man and connecting him with the job.

(4) That any manufacturer or exporter who desires the services of a man in the extension of their export business may write us, giving the knowledge which will be required of the man, and obtain from us a list of eligibles who seem to have the qualifications desired.

(5) That any employer may have inserted in "Commerce Reports" on two occasions, a blind notice stating the qualifications of a man that he desires to secure.

The blank form which will be sent applicants for positions will bring out the age, language spoken, citizenship, marital condition, the condition of health, educational training, experience in specified lines of industry, countries visited, minimum salary desired, and reference from at least three firms by which they have been employed.

Manufacturers or exporters desiring help will be asked to fill in a blank giving the following information: Nature of position offered, line of business, field service or otherwise, probable length of service, languages necessary, age, and salary to be paid.

We expect to make the machinery simple and the conditions for registration severe. Our hope is to facilitate the process of getting trained men.

Our objects might be summarized:

(1) To get in touch with the best men for our own positions in the Bureau of Foreign and Domestic Commerce.

(2) To do something for men who are obviously well-qualified, but are unemployed, or desire to better themselves.

(3) To enable us to answer intelligently the numerous inquiries which we receive from employers.

I have laid this plan before you, not as a finished proposition, but rather in order to get your criticisms and suggestions. Would such a plan, if put into operation, be useful to you employers? If so, what modifications would you make? How would you make it more useful?

In view of the very cordial interest that the National Foreign Trade Council has always taken in the work of the Bureau of Foreign and Domestic Commerce, I think you will be interested in a brief statement of our own appointment work.

BUREAU OF APPOINTMENTS

All appointments in the Bureau of Foreign and Domestic Commerce are now recommended to the Chief of the Bureau by our Appointments Committee. This committee is composed of two chiefs of divisions, one acting as Chairman of the committee; one of the Assistant Chiefs of the Bureau; the Chief Clerk; and the Appointment Officer of the Department. All applications are passed on by this committee, as are also all matters of promotion and demotion. The committee arranges for all the examinations which are held and conducts most of the business between the Bureau and the Civil Service Commission. One clerk is detailed to the committee for the purpose of keeping its rather voluminous records in shape, and this clerk interviews all applicants who come to Washington and conducts a large part of the correspondence with applicants for positions. The Chairman of the committee sees the most promising candidates and the applicants for the more important positions.

Since the 1st of January, 1915, all of the positions in the Bureau of Foreign and Domestic Commerce that were exempt from the regular Civil Service procedure have been subject to examinations held under our own auspices. On September 28, 1916, however, the President upon the recommendation of the Secretary of Commerce placed all of these positions under Schedule B of the Civil Service regulations. In order to give you a correct idea of exactly what this means, I might say that all of the exempt positions which are filled entirely without reference to the Civil Service Commission are known as Schedule A. Positions which are filled by non-competitive examinations are known as Schedule B, and all other positions are under the regular classified Civil Service. When a posi-

tion is placed under Schedule B, it means that an examination must be held and that the position must be filled by an applicant who has successfully passed the prescribed examination to the satisfaction of the Civil Service Commission. The appointing officer then has the choice of all those who passed the examination. The Bureau has considerable latitude in selecting and arranging for the examinations. The difficulties of apportionment are also dispensed with. Apportionment is that system under which each state is allotted a certain proportion of the Civil Service positions and when it has completely filled its quota, candidates from that state are removed from the eligible lists. This often means that in the case, for example, of stenographers that there may be very excellent stenographers from Massachusetts who have passed a very high Civil Service examination, but who because the Massachusetts quota is exhausted will not be certified by the Civil Service Commission, and stenographers from Minnesota who are perhaps much inferior and have passed much poorer examinations, are certified. The placing of these positions under Schedule B of the Civil Service means that a flexible but at the same time non-political system of appointments can be worked out.

Our regular procedure is something as follows:

We determine upon a certain piece of work that we think ought to be done and outline the kind of man desired for that work. We then look up the possible sources of supply. If it happens to be an investigation of the foreign markets for a particular line of industry, for example, boots and shoes, we get in touch with all the trade papers in that line; we write to important trade associations; we get in touch with the prominent men in the industry and ask them to suggest candidates. We publish notices about the examinations. We give the matter as wide publicity as we can, especially among those people who will be particularly fitted to take up the work. Each applicant fills out a rather comprehensive application blank. Those who are obviously unfit, as for example, where the applicant does not have a required language, or has had absolutely no experience in the line of work in which he seeks employment, are thrown out. A time is announced for the examination. A set of examination papers is devised, usually in consultation with practical experts in the industry. As a rule candidates can be examined practically wherever they desire. Examinations are held in all of the larger cities. The papers are rated by the Civil Service Commission, often in cooperation with Gov-

ernment experts and technical men drafted from the industries for that purpose. The most successful candidates, those who pass the examination with the highest marks, are then called to Washington for an oral examination. An examining board is formed, composed of some members of the Appointments Committee, other experts in the Bureau of Foreign and Domestic Commerce, usually one or two special Government experts from other bureaus, or in some cases, practical men from the industries, and in addition, a representative of the Civil Service Commission. The candidate is brought in before the board and has a rather gruelling time of it. First one member of the board after another asks him questions and he is expected to give a good account of himself, not only as to the information which he gives to the board, but especially as to general personality. The oral examination aims to test more than anything else the personality of the man, and often the man who has passed the best written examination fails to meet this rather severe personal test.

We think that the men we send out will have to meet extraordinary and difficult situations. We would like to test him by putting him in such a position. We think that this examination puts the candidates in a rather difficult position and we are able, therefore, to form a more or less accurate judgment as to whether or not that man will stand up under fire.

This same procedure is followed in the case of our examinations for commercial attacheships, with this single addition that a representative of the Department of State is present at all of these examinations.

We have been able to get some remarkably well qualified men by this method. Of course, there are a few men who feel that they are too good to take a written examination. Some of them seem to feel that we ought to recognize their expert knowledge without any test other than their own statements, but we have found that usually the men who protest most earnestly against an examination, particularly on the grounds that it is rather beneath them, are the men who fail most flatly.

In the case of the lesser officers in the Bureau, such as commercial agents in branch offices, clerks to commercial attaches, and some others, we have the written examination, but the oral examination consists only of an informal conversation with members of the Appointments Committee and the Chief or the Assistant Chief of the Bureau.

Recently we have appointed a number of men who I believe are particularly well qualified to do our work. A man who would perhaps do the work of an ordinary commercial firm in first class shape would not be at all suitable for our work. As for example, in the case of our Commercial Agents going abroad, we must have, first of all, a man who knows the particular line which he is to investigate. He must be an expert among experts as to his technical knowledge of that particular line of business. In the second place, he must know the languages of the countries to which he is sent, and finally, he must have what we call reportorial ability. He must be able to make an investigation, to see the facts, and to report them fully and accurately.

It may interest you to know who some of the men are who have been recently employed to undertake work in foreign countries by the Bureau of Foreign and Domestic Commerce.

Mr. Philip S. Smith, Special Agent investigating markets for electrical goods in Latin America, came to us from the General Electric Company, where he had been for five years in the Foreign Department. He is a graduate of Yale University, and besides the specialized training of an engineer, both in the University and in the works, he had a thorough familiarity with foreign trade through his work in the Foreign Trade Department of one of the largest manufacturers in this line. He has a knowledge of French, German and Spanish, and before joining our staff had traveled in Europe.

Mr. Robert S. Barrett, Special Agent investigating paper and printing supplies in Latin America, is a prosperous American printer and publisher who has had many years of experience as the head of paper and stationery and printing supply houses, as well as experience as a newspaper publisher and editor in Mexico and in this country. He speaks Spanish as freely as English and is as much at home in Latin America as in the States. He has traveled in Europe and in Latin America. Mr. Barrett is a trained writer and expert in the field of paper and printing supplies.

Mr. Frank Rhea, Special Agent investigating markets for railway supplies in Africa, Australia, and the Far East, is a recognized authority in his line. He was long superintendent of important railroad divisions and later on executive in charge of the railway supplies and of the business of one of the largest electrical companies.

Mr. Frederic Halsey, of New York, is our expert on invest-

ments in Latin America. Mr. Halsey is probably known to a great many of you who are interested in financial matters as a statistician of one of the big investment banking houses of New York, and as author of various books and magazine articles on railways and other investment topics, with special reference to Latin America. Mr. Halsey's compilations with reference to Latin America railways are the accepted authorities.

Mr. R. A. Lundquist, now investigating Far Eastern markets for electrical goods for us, is an electrical engineer of national reputation and the author of books and magazine articles on power transmission and other electrical engineering topics. Until 1911 Mr. Lundquist was in responsible charge of big construction projects in the West.

Mr. Frank H. Von Motz is our special agent investigating South American markets for agricultural implements. Mr. Von Motz was brought up in the implement trade in South America. He speaks both Spanish and Portuguese fluently and has traveled South America for American implement concerns as a salesman. When employed by the Bureau he left a position as sales manager of one of the well known firms of implement manufacturers in Illinois.

Although we are woefully limited in salary, and are otherwise hemmed in by Governmental and Departmental red tape, I am inclined to believe that our organization is a good one. When I say this, I am comparing our staff with commercial organizations in the same field. I can candidly say that no appointment in our foreign trade work has been made on any grounds other than that of strictest merit since November, 1914, and that we have well nigh combed the country for the right type of men to do our work satisfactorily, and this means to do *your* work satisfactorily.

“TRAINING FOR THE EXPORT TRADE: WHAT THE BUSINESS MAN WANTS”

BY

MR. G. A. AËRTS

President, Foreign Commerce Association; Chairman, Foreign Trade Commission, Cincinnati Chamber of Commerce.

Mr. Chairman and Gentlemen: As a teacher of foreign trade at the Cincinnati University, I am going to tell you in a few words the substance of my course and the ways and means by which I am

trying to inculcate in the minds of my pupils not only the knowledge of foreign business, how to get and how to keep it, but also how *to enthuse for it* and how to make it not only paying, but attractive, illuminating and interesting.

First—The young men should be given to understand that the first thing of all to be successful in their attempts towards export business is to get the goodwill and, if possible, the friendship of their prospective customers, and I must tell you that this has been and is too often forgotten even by our Government. Do you suppose that by keeping in abeyance the question of indemnification to Colombia, we are getting the goodwill and the friendship of this people and other Latin countries? Do you think that by celebrating a treaty with Nicaragua, based on ignorance of the rights of Costa Rica, Honduras and San Salvador, we are creating in their minds a friendly impression? Do you think that by letting arms and ammunitions slip through to Mexico, we are not giving them serious reasons to doubt the sincerity of our government?

As a rule, we have only in mind the material facts of the case, and we leave completely aside whatever cannot be expressed or figured in a concrete form. Well, this is a mistake, when dealing not only with Latins, but with all foreigners, on account of their special atavism, their century-long traditions which have accustomed them to courtesy and friendliness. Here we see only two things when we want to make a deal, the quality and the price. The foreigners, and especially the Latins, consider still something else and that is the manner in which a business deal is proposed to them.

I am thus of opinion that before teaching the pupil anything else we have to get in his mind *that no export business can be successful without the goodwill of the customer.*

SECURING GOODWILL

How can it be obtained? By adequate correspondence, an entirely different correspondence from the one we use here, and omitting our usual indiscreet aggressiveness, without the pretense of teaching the foreigner to making a fortune in a week with our goods. It must be a letter and it must be a literature in which you do not pretend to be the largest, the best, and the only in the world.

You must not forget that when you deal with Latin people you are dealing with a very old race, a race which is naturally more pessimistic than we. We are optimistic. From the moment that any one cries that his products are the best, we are ready to believe it;

the louder he cries, the more we believe him. This is not the case when dealing with foreigners. Your correspondence, as well as your business literature, should be such that it does not bring to the lips of your prospective customer a smile of derision, because otherwise, his confidence, hence his goodwill and friendship, will never be acquired.

Insistence should be courteous, not boresome.

Foreigners mix their business with their ordinary life. Many of them have their place of business on the first floor and live with their family in the other parts of the building. Therefore, the salesman who approaches them by word or by letter not only speaks to Mr. X provisionally a purchaser, that is to say, a business man only, but also to Mr. X, a gentleman, a father, a lover of music and art, a scholar, a man who does business not for the love of it, but to make a living or to improve the condition of his family.

Once the pupil is well convinced of this and understands it thoroughly, he is ready to commence his apprenticeship. He must be made aware of the real interest of statistics, he must be taught how to get them in Washington, and how to read them.

After having made up his mind by the necessary comparisons where there is a possibility for the sale of his goods, he must learn the exact geography of these countries, capital, ports, railroads, and navigable streams. He must know by name and location the American Consuls or Consular agents in said countries, and how to use their always efficient help. He must not only get acquainted with those to whom he is going to send his catalogues, but with their spirit, their customs, and their history.

He must get acquainted with the names of banks, if they are commercial or mortgage banks, so as to be able to use them at the right moment.

I would strongly recommend to the teachers in the commercial schools to obtain from every foreign country the most interesting daily paper, through which the pupils will get in closer touch with the real life of their prospective friends and customers.

Another important and influential help in training young men in foreign trade is the creation in the schools of *commercial museums*, showing the products of the different countries, together with up-to-date maps and a brief historical statement.

Bismarck once said a Frenchman is a courteous man who does not know his geography. We can say of Americans that they are a

hard-working and clever people, who ignore the meaning of the word *geography*.

But my speech is getting too long and you have heard so many since this morning that you no doubt will be glad this chatter is over. Before finishing my address, however, I want to reply to a question often put to me, and that is: Does a young man require the knowledge of foreign languages to be able to conduct successfully an export business?" My reply to this question is "No." It is always easy to hire people to translate your letters and literature. Of course the knowledge of foreign languages will be an advantage, but by no means can it off-set the act of aggressiveness, the lack of comprehension, education, and instruction.

I am, therefore, of the opinion that it is in no way necessary to use foreigners to conduct foreign trade, and I am the more sincere in these statements as I am myself a foreigner and a linguist.

It is, in my opinion, far better to use in our foreign trade well trained Americans, young men who are proud to belong to this great country and who by their manners, their appearance, their way of living, will do whatever they can to get for them, as Americans, the respect, goodwill and friendship of foreigners.

When Benjamin Franklin went to France to borrow money for the dawning American republic, he was unknown, and the British were doing whatever they could to discredit whatever came from America; but by his manners, his amiability, his example, he got the goodwill of the French, he borrowed the money on his face, as it were, and it was with this money from France that Washington won his battles and became the Father of his Country.

CHAIRMAN McCORMICK: We will have the pleasure of hearing Mr. E. H. Huxley, President of the United States Rubber Export Co., Ltd., New York, on the subject, "What the Exporter Needs That the Educator Can Supply."

"WHAT THE EXPORTER NEEDS THAT THE EDUCATOR CAN SUPPLY"

BY

MR. EDWARD H. HUXLEY

President, United States Rubber Export Co., Ltd., New York City

In order to reach the highest degree of business efficiency there must be a ground work of theory supplemented by experience and

practice. We recognize this truism by insisting that one of the schemes of our national life shall be compulsory school education. As to the point to which school education should be carried in order to fit one properly to take up the duties of commercial life, there is some controversy, but there is no question as to the necessity of at least some theoretical education and probably no serious dispute that this should be carried at least through the grades of the ordinary high school. It is equally clear and admitted that this theoretical education must be supplemented by a period of practical education or actual experience in business in order to produce the best type of business man. All of this being admitted, the question for our present consideration is as to what especial theoretical education is essential or desirable in order to fit a man to attain the highest degree of efficiency for the particular branch of business having to do with foreign trade. It is presumed that the ordinary high school education has been acquired and that the candidate desires either to supplement it immediately by special courses and has had no practical experience in business, or that he has had some practical experience in general business, and desiring to enter the export field, wishes to supplement both his previous general education and his practical experience by special courses, the need of which he feels. The highest degree of efficiency cannot be obtained wholly by practical experience nor wholly by theoretical education. If entire reliance is placed on practical experience the result will be the same as with a man who commits to memory certain problems so that he can solve them, but does not understand the underlying theories which enable him to solve other problems similar in principle but different as to detail. From practical experience a man may be able to conduct certain branches of an export business, such for example as the Accounting or Traffic, and become reasonably proficient up to the point where some new phase presents itself or some new condition arises hitherto not present; at that point the man with a clear understanding of the underlying theories will be able to apply them practically to the changed conditions, while he who has only carried out and been concerned in the ordinary routine, will be wholly at sea and wholly unable to cope with the situation. We start therefore with the admission that the combination of a theoretical education in the principles and underlying bases of certain subjects, with a later practical experience in their application is essential to produce the best results.

WHAT IS WANTED FROM THE EDUCATOR

The question then is, exactly what is wanted from the educator? Evidently we do not want an attempt to produce a finished product, because we have admitted that practical experience is a necessary supplement; therefore, what we do want is the theory. The subjects which might be covered are many, but of relative importance, and the necessary subjects would be determined by the completeness desired and the point to which it is desired to carry the education. There are some subjects which are essential and others which are desirable to a greater or less degree, but not essential. A table might be prepared indicating the subjects to be considered, somewhat as follows:

1. Ocean Transportation and Rates, including the various documents, invoices and papers.
2. Insurance, war and marine.
3. Foreign Exchange and International Banking.
4. Foreign Credits.
5. Tariff Laws and Regulations.
6. Packing, Shipping and Marking with especial reference to the needs of individual countries.
7. Foreign Correspondence.
8. Commercial Geography.
9. Languages.
10. Advertising.
11. Commercial and Political History.
12. Social and Political Economy.
13. Racial Characteristics and Conditions.
14. Statistics and Reports.
15. Political Science and Psychology.

This list is not intended to be considered as necessarily complete but at least covers the main essentials, and some of what might be termed the luxuries of education. Some of the subjects present singly in themselves the possibilities of a life study and it is of course presupposed that their study is not to be carried beyond reason. The general subject of insurance, for example, may in itself become a profession and it is obviously not intended that a requisite for the proper handling of insurance matters in an export business should undertake a professional knowledge such as might be required by an expert devoting his life to that particular

subject. The insurance department of the average exporter need not necessarily be handled by a professional expert, neither would the general accounting department require the services of one whose knowledge extended to the point required or desirable in an international banker. In order, however, to take advantage of every possibility to make money and in order to conduct the various departments with the greatest economy and the highest efficiency, a theoretical knowledge of the underlying principles of these various subjects seems to me to be essential; this knowledge to be supplemented by practical experience.

The first eight subjects appear to be the most important and to be really essential; the others to be undertaken only by him who desires to become unusually proficient, more so perhaps than might be considered absolutely necessary. The courses should, I think, consist mainly of lectures; laboratory work or practical examples might be included to a very small extent but practical application should come in the practical experience in business. It is not intended to fix any particular limit to the extent to which the subjects should be studied, other than possibly the fixing of a reasonable amount of time which it should be necessary to expend on the part of the student. A course which should extend over a period of say a calendar year should cover every reasonable requirement, with options extending perhaps over another year to be available if desired. The arrangement of the courses, particularly with reference to their availability must be approached from two standpoints—first, that of the man engaged in business who has not yet entered business and can place his entire time at the disposition of the educator, and it is the man of the first class that I have in mind in suggesting a course extending over a calendar year, and to make it still further specific, it would be my idea that this should contemplate a year of three evenings a week of about two hours each. The course might be shortened in the amount of time consumed for those of the second class. Considerable care must be exercised in the choice of instructors. It is a common practice to enlist the services of business men as instructors; this is all right, provided those men have grounded themselves thoroughly in the theory of the subject, but the object would be defeated if the lectures by such men should be only a history of their own practical experience, and personally I should favor the choice of educators who have made the theory of the various subjects a study, rather than business men who had been concerned only, or largely, in their own occupation.

Some difficulty has been experienced by the Company with which I have the honor to be connected, in finding courses which are available and which cover the subject in the way desired, for those of its employees whom it desires to educate purely in the theory, to supplement their practical experience. The difficulty experienced has been twofold—first, in finding the courses themselves, and second, in finding them given at such times as to make them available outside of the ordinary business hours.

In arranging the courses it is not necessarily a part of the scheme that they should be so planned as to offer a logical or cohesive scheme for general education in all of the different subjects contemplated. In fact, it is thought to be somewhat doubtful as to whether many would be interested in taking a complete course so as to ground themselves thoroughly in all of the different subjects and their phases. On the other hand, it is felt that a course, for example, in foreign exchange, international banking and foreign credits, would be available and would probably be taken by those interested in that particular subject and who intended to make that particular part of the work their interest. Again, on ocean transportation and the general matters pertaining to traffic and insurance, it is likely that many traffic and insurance managers would desire to take that particular course but not any other course and it is therefore believed that the general arrangement should be such as to offer a complete and finished course in each of the different subjects without any especial reference to their co-relation.

It is hoped that the more or less incomplete program which has herein been outlined may be of practical value to the educator in arranging courses which shall be of real value and assistance to the exporter who desires to become proficient in those branches of his business which are individual in their character and differ from the requirements of a domestic business.

CHAIRMAN MCCORMICK: We were to have had an address on "How the Business Man Can Vitalize Commercial Geography in the Public Schools," by Mr. Champe Andrews, of the Acme Box Co., Chattanooga, Tenn., but he does not seem to be here and so we will pass to the next address, "The Essential Subjects in Teaching the Technique of Exporting," by Mr. W. H. Lough, President of the Business Training Corporation, New York City.

"THE ESSENTIAL SUBJECTS IN TEACHING THE TECHNIQUE OF EXPORTING"

BY

MR. W. H. LOUGH

President of the Business Training Corporation, New York City

This question, it seems to me, is not one for academic discussion, but for very practical consideration. The fact that this room is crowded with men engaged in export work is striking evidence that the problem of taking the young business men of the country, in many cases the older business man, and giving them in as quick and practical manner as possible the equipment to handle our foreign trade efficiently is a problem that ought to be considered from a business point of view.

The men who are most actively interested in making a thorough and at least partially scientific study of foreign trade are those who are actively engaged in the practice of foreign trade. They are men in the export departments of big companies; men in the foreign departments of banks, who realize the necessity for giving better banking service to exporting manufacturers; and men by the thousands in the smaller manufacturing concerns which are perhaps getting only a few foreign orders, but are slowly developing a foreign business by going ahead more or less blindly. These are the men, gentlemen, whom we ought to consider first of all at this time when we discuss the question of the subjects to be included in giving a training in the technique of export trade. We may start out, then, with the assumption that most of the men we have to consider are fairly well equipped business men, some younger and some older, but all having had at least a certain experience of business and business sense acquired in handling domestic trade.

The method of training must also be considered. The method that is most practical for such men is one that has been sometimes described as the work-training method. Work and training should go side by side; they should not be considered two independent things having little connection with each other. That is the method of training that has been most thoroughly worked out in this country—or in any country, for that matter—by Dean Hermann Schneider, of the University of Cincinnati, who has applied to engineering education the principle of giving a man his practical experience and his theoretical training side by side, so that he knows

and applies to the work that he is doing every day the principles which he has acquired through study.

The work-training method implies that we should try to lay out a program of study that will be closely parallel to the work actually carried on in an export office or in a bank or anywhere else where export and foreign relations are being handled. In laying out that program we ought to have in mind not particularly the type of man who is now a clerk and who is going for the rest of his life to be a clerk; the training for that man is given in the average business office and a special course of instruction is probably not required. We ought to have in mind rather the men who have it in them to do, or who are now doing, some kind of constructive or executive work.

WHAT ARE THE ESSENTIALS?

What are the essentials for these men? When we answer that, we know what subjects ought to be taught. These essentials can be grouped under four heads. I am speaking now of the essential points of knowledge and practice for the man who is doing some kind of executive work in connection with foreign trade.

The first essential is that he should know the general economic forces that are at work and the conditions in foreign markets; otherwise he is probably going to make a great many wrong decisions. He must get down below the surface of day-to-day events and see the forces that are at work that are going to affect his business policies as they develop. In order to know the markets of the world, he must know commercial geography, not merely as geography, but from the point of view of a business man who is looking for markets. I group these things together, as the first essential.

The second essential is a thorough acquaintance with the machinery of selling in foreign markets and with selling methods. We all know that there are various means through which the foreign customer may be reached and we are all more or less familiar with the claims advanced for the export merchant, for the commission house, for direct selling and for various types of export departments; and these things must be thoroughly understood by any man who is a competent foreign tradesman.

The third essential is to know thoroughly how to handle an order after it has been received; that is something on which many people in this country are weak. There is a certain amount of technical detail connected with shipping to foreign countries, with the

financing, with documentation and with the whole handling of the order that ought to be thoroughly known.

The fourth essential is to keep informed as to various supplementary factors that keep continually breaking in and affecting export work; as, for example, legal requirements and customs laws of various foreign countries and of our own, the practice in connection with importing and exporting and the work of the various national associations and the national government that affect the export work of individual concerns.

Those, it seems to me, are the four essentials. Let me just repeat them: First, knowledge of economic and market conditions abroad; second, knowledge of selling methods; third, knowledge of the technique of handling orders; and fourth, a knowledge of various supplementary factors that have to be taken into consideration.

Given a man who has good business sense and who has acquired a knowledge of these four essentials, and it seems to me that you have the makings of a pretty good export man. Personally, I agree what Mr. Aërts has said about the importance of knowing languages. I believe it is highly desirable, but not essential. A great many people, especially young men, throughout the country are devoting themselves with vast enthusiasm to studying French and Spanish under the delusion that they are making themselves foreign trade experts. As Prof. Paul Cherington, of Harvard, has well remarked, a man may know forty languages and not be able to take an order in any one of them. The more languages a man knows, the better; no one questions that. But many of us do question the exaggerated—almost exclusive—emphasis sometimes laid upon the study of languages.

To sum up, the essential subjects in studying the technique of exporting seem to me the four I have mentioned. It seems to me also that the practical method of getting them is to make a systematic study of them, which moves along step by step with the work that is being done by the man who is doing the studying. In other words, the study should be of such a character that its principles can be applied in day-to-day work and thereby can be vitalized. The practice of foreign trade will in that way be made sound, and the study of foreign trade will be made thoroughly practical and vital.

CHAIRMAN McCORMICK: The last address on the program will be delivered by Prof. J. F. L. Raschen, of the University of Pittsburgh.

"THE MODERN LANGUAGES IN THEIR RELATION TO FOREIGN TRADE RELATIONS"

BY

DR. J. F. L. RASCHEN
University of Pittsburgh

The good book tells us "Where there is no vision the people perish." It was obedience to a vision which led an enslaved people out of a "house of bondage" into a land flowing with milk and honey; it encouraged an inconspicuous mariner to discover the mighty American Continent; it has been the motive principle of inventors and investigators by whose labors the life and ideals of nations have been revolutionized and the course of events has been definitely directed into new channels.

In this age of perturbation and strife there looms large and alluring before the eyes of the American business man the vision of commercial opportunity. It is not a mirage, or a phantom castle-in-the-air. It has the marks of reality; our age is too stern, too hard-headed, too practical, to chase rainbows. Hence our planning of purposeful policies, our cold calculations, our search for effective methods and our surrender to unflinching effort. Every available contributory element must be subjected to close scrutiny and to the acid test of practicability. Thus the degree of value becomes affixed upon each only after it has evidenced its utility, its applicability to the solution of the multiform problems of our complex modern society.

The American business man turns his eyes to the South, to the Latin-American republics, especially those in the La Platte basin. Sensitive to the political disturbances in Europe these states, covering an area almost the size of the United States, have seen their commerce dwindle to one-half its former size. Immigration has become almost nil and the dearth of labor is felt; public works begun have largely been discontinued. The door for affiliation and commercial connections has been flung open toward us.

What can the modern languages contribute in our present opportunity?

1. They will aid us in a more definite and effective way to efficiency at home. *The measure of strength in a living being is its highest faculty.* It must become the *ultima ratio* in our business life to develop the highest faculty of intelligence. In economic life the

boundaries are not geographical, but intellectual and financial. The efficiency of an industrial and economic system such as has been developed by Germany is due to her striking roots deep into theoretical science. No output in manufacture there but what has its basis on the experiments of the chemical or physical laboratories. What we, too, need here is such a cooperation and correlation with theoretical science. The establishment of peaceful conditions will reveal to the world that science in Germany and France during war-time has achieved even greater results than in times of peace—not merely for the destructive agencies of war but for the constructive agencies of commerce and industry. Our scientists and engineers, our men of large business, must become familiar with the results of such endeavors and the knowledge of both French and German as tools becomes indispensable. We cannot assume the watchful-waiting attitude until some one, months after its publication, translates an article on some important process or development that may already be superceded. What we must develop in our schools and colleges is a deeper, more intense application to such languages as will be tools for developing highest efficiency. Your organization can aid materially by insisting upon a more thorough and assiduous application of students to these means for the development of our vital interests in manufacture and industry. Let the functional idea of organization for better business extend to these languages, French and German, as means toward greater efficiency and the better comprehension of new problems.

2. More specifically the modern languages must aid us in *learning to think internationally*. The day of smug complacency which has too often characterized Americans has gone by. Narrowness of mind and the feeling of superiority over other nations begets distrust and contempt, and thus establishes a gulf that is not easily bridged over. We have heretofore failed to search for the reasons for certain facts and institutions among other races and nations, which are basic for their actions and customs. Unless we devote some careful inquiry into these, we shall fail to establish the bonds that will result in successful business relationships.

This matter becomes one of utmost importance when applied to South America. It is a common error to suppose that all of South America is alike. Nine out of ten students I have met this year expressed the opinion that the prevailing language of South America is Spanish, not knowing that the official language of Brazil, a republic as large as the United States save Alaska, is Portuguese. In South

America the ten separate states are as distinct as the separate states of Europe; not only do they differ in race but in habits, in ideals. Even their governments, though basically the same, are quite dissimilar. Mr. R. Bacon, Ex-Minister to France, and former Secretary of State, after his visit to these Latin-American republics, wrote these significant lines: "We shall never go very far toward improving our relations with the Latin-American Republics either in the matter of intellectual intercourse or of commerce until we have made ourselves familiar with the separate nations, or by study or actual contact learn to make the necessary distinctions between them."

KNOWLEDGE OF LANGUAGES NECESSARY

It is not sufficient, therefore, to study either Spanish or Portuguese, i. e., to have a smattering knowledge of these languages so as to *get along*, but to know them, as well as the historical and racial foundations of the people who speak them. We must learn to appreciate that there are millions whose viewpoint is wholly different from ours, and to make allowance for such. This, I admit, is one of the difficult things for us Americans to learn. Whoever goes among them with a disregard of the traits common to them, such as their profuse hospitality, their politeness, their sensitiveness and pride, is not only sure to produce a bad impression upon them, but also to provoke contempt and disgust.

What we need then, is the establishment of thorough extensive courses in Spanish and Portuguese with such allied subjects as the study of physiography, history, civilization, manners and customs of these Latin-Americans, in order to understand their needs and demands.

This will require a more thorough preparation than is usual on the part of the instructor in Spanish. The duty of each interested group becomes clear; viz., to insist upon the appointment of properly trained teachers, and not, as is so often the case, of men who have studied the matter by themselves and have nothing more to give than what they have found in the text-books.

I would submit for consideration a system of which I have learned only last evening. A certain German industrial community, whose chief market is in South America, has solved its problem by establishing a club house, which is supported by each firm in the community. They engage four native teachers, one each for English, Spanish, Portuguese and French. Each apprentice, during the four years of his service, is required to attend courses in at least

three of these languages. One evening in turn is devoted to Spanish, one to Portuguese, French and English. Upon completion of his four years' course, he is as well equipped an expert in his line as he is a linguist, and knows the conditions of the field to which he goes.

As yet in the United States we lack men so trained. One of the banking houses in this country has made an attempt to establish a number of affiliated banks in South America. It was possible to establish only a small number because of the lack of properly trained men, that is, not merely those who had linguistic ability, but also other qualifications. It developed that those eventually employed were Germans who had been trained for such positions. We, as Americans, have yet much to learn, and the insistence of your representatives that Boards of Education everywhere shall supply these means will hasten our success.

With these problems solved, we can fearlessly go and possess the land, and bring intelligence, efficiency and good-will to our sister Republics on the big South American continent.

CHAIRMAN McCORMICK: According to the program Dr. G. L. Swiggett of the U. S. Bureau of Education was to open the discussion this evening; but as he is not present I shall ask Mr. John J. Arnold of the First National Bank of Chicago, to give us the benefit of his experience.

MR. JOHN J. ARNOLD, President, First National Bank, Chicago, Ill., member National Foreign Trade Council: I have a thought which I believe will prove a valuable addition to the suggestions already made, and which, I believe, will prove of interest to you. It is of a practical character, and is based upon experience.

We have in this country quite a goodly number of well organized and well developed foreign departments in some of our larger institutions. I believe that these larger organizations should throw open their highly developed foreign departments to the smaller kindred organizations, and invite the smaller concerns to send men into the larger institutions to spend some time in their foreign departments, and in this way secure first hand training in the handling of foreign business.

By way of illustration I wish to give you a little incident from the experience which we have had in our own institution. We found that in a goodly number of our smaller cities throughout the Central West are located manufacturers who are beginning to do some foreign business, and we also found that the banks located in these

smaller cities had no one familiar with the handling of foreign documents. As a result we extended an invitation to all of our correspondents to send some one from their staff to our institution to spend some time with us in our Foreign Exchange Department, where we aim to give them firsthand contact with the handling of all our business. We have been somewhat surprised at the response, which has not been confined to young men, but Presidents and other officials of banks have suggested that they should like to come and spend at least a month in our office. We aim to give them an opportunity of studying the various transactions and afford them firsthand contact with the business. Once a week, or oftener, we will have a conference, at which time we intend to discuss matters of interest to them, trying to bring before these men the larger aspects of international trade. We hope to give them sufficient experience, so that when they go back to their own institutions they will be able to converse intelligently with manufacturers who are beginning to get interested in foreign business, and to place them in a position to intelligently handle commercial documents covering exports and imports.

In addition, we hope to arouse their interest to the extent that they will undertake a course of reading on international questions we are outlining for them.

Somehow the idea seems to have gone abroad that foreign business is surrounded with mystery, and it is our aim to demonstrate to these young men that in the foreign as well as the domestic business, one of the fundamental requirements is a knowledge of the subject and the exercise of common sense in dealing with the problems. We do not expect to make foreign exchange experts of these men in a month, but we do hope to send them back home with a larger vision.

It seems to me that the manufacturers and exporters who have their foreign departments well developed might well have a similar thought in mind. We hope other banks throughout the country will find it possible to do what we are doing. It should be the aim of every one interested in international trade to get into business life a better conception of what this particular subject means to our nation. There is no question but that we are now in a new position in our world relations. We must assume new obligations, and we can do this only if we go about it intelligently.

MR. EVERETT W. LORD, Dean of the College of Business Administration, Boston University: I was going to ask for a moment to speak on one point that impressed me at the time Dr. Pratt spoke.

I find there is a very strong desire among young men for training along lines that will fit them for foreign trade. No doubt, this is in part due to the advertising which foreign trade has been receiving these past few years, and it has something of romance and something of a fad in it. A good many of them are attracted by the idea of foreign travel.

But our boys are accustomed to look beyond the enthusiasm of the moment: many young men come to me, inquiring, "If I take your course in foreign trade and prepare for it, can I get a good position when I graduate?" I haven't always felt justified in telling them they could, in Boston; I hoped they could somewhere, but I couldn't assure them anything.

At Boston University we have rather a complete course in Foreign Trade. I flatter myself that Dr. Pratt referred to us when he said there was one good course in New England. We are making a special effort to prepare young men at Boston University—both those who want to spend their full time and those who are employed and can attend classes only in the evening—along the lines that will fit them for foreign trade positions. We give instruction in all the things that have been spoken of here to-night. We put considerable stress upon foreign languages, for we believe it is impossible for any one to have a fair conception of a foreign people unless he has a pretty good knowledge of their language. In connection with the language we give a training in the history and the general relations of the country studied. Next year we are establishing a new chair to be called South American Relations.

We bring in business men occasionally for practical talks, but our students get practical experience in business as a part of their college training. Those who are taking our course by day spend three years in the class room and then have one full year of supervised employment before they receive their degree. The others, who are attending our evening division, are regularly working by day, and are supposed to get business training then.

We recognize this one trouble, that while we are ready to give the most complete course in foreign trade that any business man may ask for, we do not feel justified in telling young men that they can take the course with the certainty of getting employment along that line. If the business men will show us that they have places for well trained students, we will provide every opportunity for education along foreign trade lines.

JOHN F. FITZGERALD, Republic Publishing Co., Boston, Mass.:

I want to say a word of disagreement with the speaker who said the languages are not essential. When I was Mayor of Boston I accompanied the Chamber of Commerce of Boston on a business trip through Europe, and I found in my travels all through the countries, whether in Great Britain or France or Germany, or down into Austria, that a most essential thing considered in getting trade was the training of the young men in the languages. Three years ago I went to South America with the Boston Chamber of Commerce and I was told every place we visited that the chief essential for successful merchandise was a knowledge of the Spanish language, and that you can't know a people intimately—and it is essential to know the South American people intimately—unless you know the language, and so I hope that the impression won't go broadcast from this meeting, much as I dislike to raise a discordant note here, that a knowledge of modern languages is not essential to business success.

In New England we haven't seen the ambition to look for foreign trade. We manufacture boots and shoes and cotton goods, and how much of those do you suppose we export? About two per cent in normal years before the war. If you are asked what is New England's principal industry, you say the cotton industry, and yet, although we grow the cotton in this country, we exported but four per cent of manufactured goods before the war, while Great Britain imports her raw cotton and sells 80 per cent of the manufactured goods. They had to do it in order to make their living. You may be sure that the men England and Germany sent into foreign lands had, as a rule, a knowledge of French or the language of the country visited.

MR. FRANK E. HINCKLEY, representing San Francisco Chamber of Commerce, District Attorney of the United States Court for China, 1910 to 1915, attorney in shipping and China trade, San Francisco, Cal.:

Beginning at Boston, whence we have to-night a number of suggestions on the importance of knowing foreign languages and foreign ways on the part of agents promoting our foreign trade, let me state a few experiences in Europe and then in China. A French lady, coming to Boston, proud of her newly acquired "American language," was offered at luncheon the local brain food of baked beans, a dish strange to her, and she replied, "Oh, no, I eat only my acquaintances." On seeming minor mistakes like that I have known the jeopardizing or loss of exceedingly valuable trade-mark and patent rights in Europe and China.

The English and the North Americans, blessed with the greatest of languages, are self-cursed with being the worst of linguists. We, like our English cousins, falter and blunder because of our low esteem of other civilizations than our own. On the continent of Europe it is no marvel,—it is a necessity of business, to know usefully at least one or two foreign languages and to be conversant upon cosmopolitan views of life. Of late years a German business document came into a public proceeding in a British Consulate of high rank where as many as twenty consular officers were stationed, and it was said by one of those officers, with no sign of humor but with actual indifference and scorn, that there was no one at the Consulate who could translate German. The newspapers reported the proceedings without comment, as usual there, but the public had noted this strange admission of ignorance. A correction was then solemnly authorized to the effect that in fact one or two officers had been found who consented to make a venture! Could we Americans have done any better?

Some British and some Americans have come to the forefront of scholarship in the Chinese and Japanese languages and customs. But the number of Chinese and Japanese who have useful knowledge of Europe and America is very much larger and it rapidly increases. Our people, we confess, especially the untravelled, are ignorant, except in superficial matters, of the great civilizations of Asia. The American forefathers traded in China from the first years of our national independence, as the museums and family heirlooms of old Salem and old Albany remind us, and for more than a hundred years and until the recent "Seamen's Act" ignobly struck the flag from the Pacific Ocean, we enjoyed a generally prosperous commerce. In the old days merchandizing in China by Americans was a life career, well established and abounding in the emoluments of permanent and mutually high respecting contact with Chinese merchants of like standing; but nowadays, excepting in few cases, our larger organizations for trade in China have less thorough-going enterprise and their men are too little prepared and the engagement of them is for terms too short. Obviously such want of quality and reliability breeds misunderstandings and failures prolific.

JAPANESE TRAINING IN FOREIGN TRADE

How do the Japanese do? In Shanghai and several other large cities of China they maintain schools for Japanese youth who are sent to China to learn Chinese commerce from the bottom up. You

see these Tung Wen students often, and many of them, all in semi-military uniform of western style,—black coat and trousers, brass buttons, square-top semi-military Oxford cap,—all of them selected and commissioned to observe and learn in China, and sometimes you come upon groups of them touring in the interior of China. The Chinese also do their part and send thousands of Chinese youths to Japan and hundreds of them to Europe and America. Tokio is full of Chinese students and travelers. America has a large proportion of those who are sent abroad from China and Japan for schooling and apprenticeship. But only a few Americans, even of older years, go to the Orient as part of an education or for the enlightenments of travel.

We of America are little aware of the momentous developments now mounting up in the Far East. On the Pacific Coast we are part of a great circumference reaching through Alaska, Japan, the South Sea Islands and South America where earthquakes and volcanoes are active as in no other part of the world, where a ring of geologic fires and forces is working out a new world. But we apprehend little of those tremendous and portentous changes and little, if any more, of the marvelous and fateful changes transpiring in human affairs, the burning and upheaving thrust and power of new nations in the making, the commerce and politics of the Far East and the Far West. Are we of America to come into world power or are we to be isolated, dependent, subjected? Each of us has a part in the progress of his nation, and not the least is the making of friends abroad, pleasing them with speaking in their tongue, as need may be, and always appreciating their ways of life.

DR. LEONARD BLAKEY, Carnegie Institute of Technology, Pittsburgh, Pa.: It would hardly be right to close this discussion without adding a brief statement concerning the work two Engineering Colleges in this country are doing to prepare certain of their graduates for foreign trade work. The Massachusetts Institute of Technology in its department of Engineering Administration, and the Carnegie Institute of Technology in its department of Commercial Engineering, have incorporated a course in foreign trade as the third quarter of a two-years' course in business psychology, advertising and selling; and in this way are giving the engineer special training for this particular line of work. At Carnegie Tech. the course opens with eight lectures covering the general commercial conditions of the important countries of the world before the war. Thereafter the following topics are covered in an adequate way; meth-

ods of developing the foreign markets, credits, selling methods, packing, invoices, bills of lading, insurance, etc., and fundamentals of admiralty law.

Our Commercial Engineering Department curriculum includes in addition to the two years' selling group terminating in the foreign trade course, a semester course in statistics, bookkeeping, accounting, cost accounting, general economics, labor problems, trusts, banking, insurance, commercial law, transportation problems, and works' management. This work occupies the major part of the last two years of the student's course. In the early part of the course the Commercial Engineer is given a fundamental training in Mechanical and Electrical Engineering work, and hence is equipped especially for the engineering field. The Commercial work supplements the strictly engineering training and prepares the graduate for the business side of the engineering profession.

Our Commercial Engineering Department has graduated five classes. Four of our men are at present in foreign trade work. The managers of the large corporations are beginning to find that the engineering graduate with a thorough training in the business side of the profession is peculiarly prepared for foreign trade work. I feel that more and more the commercial engineer will be called into the foreign departments of our great corporations.

DR. J. T. HOLDSWORTH, Dean of the School of Economics, University of Pittsburgh:

I am going to delay the adjournment of this gathering but a few minutes; but I have one practical suggestion to make to this conference, and before making it I want to say for Mr. Lough's edification, that already here in Pittsburgh, and elsewhere, there is evident a clear recognition of the value and the necessity of the work-training or cooperative idea in commercial education.

Until very recently the average business man was unwilling to believe that the college of commerce could do very much for his son by way of preparing him to take up the business, or for some other fellow applying for a job with him. I shall not attempt at this late hour any analysis of this situation. But I find in various parts of the country and in various lines of business a complete reversal of attitude, and evidence that the business man is overcoming his prejudice against the college man by bringing him under observation while he is still studying in a school of commerce. About two years ago the National City Bank of New York went to the leading schools of commerce in the country and asked each of them to select some

juniors and seniors to be sent to them during the summer vacation for training for positions in their branches in foreign countries. Two undergraduates of the School of Economics of the University of Pittsburgh are in that work now and we expect to send several more this summer. Others will go to another metropolitan bank this summer, some will go to an exporting house, several to one of the largest trust companies in the country, where they will get practical training for positions at home or abroad. Young men in this country are not averse to going abroad to live and to do business. I was deluged last summer with requests from students to get into this cooperative scheme with the National City Bank, involving long terms of foreign residence, but we were careful to recommend only men with good personality and strong scholarship.

Another phase of the work-training idea is operating with us locally. We have worked out a plan by which the largest department store takes a number of our economics students on part time (afternoons and Saturdays) and full time during vacation periods, rotating them through the various departments of the store so as to give them in time a fairly comprehensive understanding of the operations of the store. From these men it is expected to develop some efficient department managers and assistants. The manager of the store gives them special attention and direction and the member of our faculty who teaches merchandizing keeps in close touch with the students' practical work. We have similar cooperative arrangements with accounting concerns, insurance and brokerage firms, etc., and this important feature of our work is steadily expanding. Practically every student who graduates from the School of Economics now shows the equivalent of one year's actual business experience.

My practical suggestion is this. Last June there was organized at a meeting held in Chicago an association of collegiate schools of business, made up of representatives of university schools of commerce or business. That organization will hold its first regular business meeting within a few months, and, I am sure, would be very glad to have brought before it this proposition. I should like to offer the suggestion that a committee of this Conference get into touch with that organization. This group called to discuss commercial education should aim to secure close, cordial cooperation of the foreign trade man and the foreign trade organization with schools of commerce equipped to train young men for foreign trade. The business man should be interested enough to give to the school of

commerce the benefit of his practical experience, and the school of commerce must welcome him to its counsel and even to its teaching faculty.

MR. ARNOLD: I make the suggestion that this matter be referred officially to the National Foreign Trade Council.

GROUP NUMBER SIX

Thursday, January 25, 1917, 8 P. M.

FUNCTION OF THE EXPORT MERCHANT AND COMMISSION HOUSE

*(In co-operation with the American Exporters' and Importers'
Association)*

Chairman, MR. WELDING RING,
American Exporters' and Importers' Association, Member of National Foreign
Trade Council.

Secretary, MR. WILFRED H. SCHOFF,
Secretary, Philadelphia Commercial Museum

CHAIRMAN RING: In opening the meeting for a discussion of the work of the reliable export merchant financing American business with various special markets, and the policy of some manufacturers in co-operating with the commission house by publicity of various kinds for the securing of orders to come through the commission house, which will result in an increase of desirable business, I desire to make some explanations in regard to the province of the commission house.

Take, for example, a commission house doing export trade from Australia. It is absolutely necessary that such a house must be constantly maintaining its branch houses and agents with travelers throughout the country in order to solicit business in all lines. Some one must be on the spot at all times to answer questions from local customers, and a continuous effort is essential to secure and maintain this business. These commission houses with their representatives are constantly soliciting business, but do not import merchandise of any kind in competition with the regular buyers in Australia.

The question of credit is of special importance at this time, owing to the rapid fundamental changes in the world's conditions, increase of taxes, national, state and local, and to governmental restriction and regulation of all kinds. It is impossible for a manu-

facturer in this country to keep in touch with such conditions throughout the world, and yet they directly affect the standing and credit of customers in other countries.

Who can the American business man trust? Certainly not as many as formerly, and the manufacturer in this country has no sure way of knowing from day to day the standing of his customers. Conditions naturally vary according to different countries, and different methods are required accordingly. Proper consideration of export problems often fails to differentiate. Cuba, for example, although not a part of the United States, is so near our country that its trade is very generally handled through the domestic sales department in the same way as Canadian trade, and it can hardly to that extent be considered an export market.

Some manufacturers pay export houses commissions on former customers dealing through them direct. This is an equitable arrangement, because otherwise there would be no object in the commission house giving its time or applying its capital for the working up of business, solely for the benefit of the manufacturers who deal direct.

I also want to point out that there are some manufacturers willing to do business direct in foreign countries, giving credit to their buyers, and drawing their drafts direct on them, and on the same terms as they quote and sell to the commission house, which pays "spot cash" in New York. It certainly appears that the commission house which is willing to make cash payments in the United States should be entitled to better terms than a buyer many thousand miles away, whose credit naturally cannot be so well known.

W. J. HARRIS, Export Manager, Asbestos Protected Metal Co., New York City:

Mr. Chairman, it seems to me that there are so many phases to this proposition of Foreign Trade and the function of the Export Houses that it will help to clear the air and perhaps clear the air, if we first open the windows and get a little of this smoke (tobacco) out before we talk about it. Now, the situation is this:

If the Manufacturer expects the Export House to handle his foreign business without expense to the Manufacturer, he's making a great mistake. His business isn't developed that way in this country. It costs him real money to develop it, and the Export Houses aren't getting so rich from their commissions that they can afford to hire special men to push my line or your line, and they don't do it. In the development of our trade (which is that of

building material coming into competition with galvanized iron) we first made a careful study of the various markets and mapped out a well considered campaign asking the Export Houses to help us. But we didn't stop there. We carried on direct correspondence with importers of building material, with purchasers of building material, and we used every bit of information that we could get,—from whatever source.

As a result of this correspondence, orders were sent in; sometimes they came in through the Export Houses and sometimes they came direct. As Manager of the Export Department, I felt that my first duty was to get trial orders. That was the essential point. When the orders came the next important thing was to get the money, and I then went to the Export Houses who were—speaking generally—doing business in particular markets from which the order had come. I said to them, "Here's an order for \$500.00 or \$1,000.00 or \$2,000.00 worth of my material. Will you finance it? And what will you charge us?" There has never been a case whether the customer said ship the goods on open account, or on time draft, or sight draft, attached to Bill of Lading that I haven't been able to find an Export House that would finance the business for a relatively small amount of money. I then wrote the customer and thanked him for his order, saying that our good friends, Messrs. So-and-So, who were acting as our representatives or something of that sort, would forward his shipment, and that he would receive his goods through them, that further, our company would pay any charge they made for their services, so that the goods would cost him no more than if he had bought them direct from us, but with the fine point that we would get our money within ten days cash, in New York. Now it seems to me that there is a point—I am not so very familiar with domestic trade conditions, as I have spent pretty nearly twenty years almost entirely in the export business—but I don't believe that an aggressive and wide-awake manufacturer who wants domestic trade is satisfied to place his line absolutely in the hands of a jobbing house and then go back to his factory and sit down and wait for the orders to come in, without advertising, without sending his men out, and creating a demand which in turn comes back to him through the jobbing house, and I think that in a lot of the criticisms that have been made against the export houses there is this element of injustice. And another thing is this: by making direct shipments to our customers in foreign countries where we have small lines and where the order does not amount to

very much on any one particular order, if there are fifty of our manufacturers here in this room and fifty orders are going out to Australia and those fifty orders do not amount to more than a minimum bill of lading, your prospective customers are paying fifty minimum bills of lading, whereas if you send them through an export house, there is but one bill of lading, and the cost of the goods is very much cheaper to the ultimate consumer. It seems to me that here is a point where co-operation is essentially valuable to the manufacturer.

MR. P. L. GUITERMAN, representing Guiterman, Rosenfeld & Co., New York, Export Sales Agents: There is perhaps one point that we might consider at the same time in this discussion, and that is this: The gentleman from Messrs. Norton Wheel Co. was speaking about sending a salesman direct and that was discussed rather fully. Now, there are not many companies that will send their salesmen direct to every country. That is rather a big proposition, but there are some markets which might be called export commission markets like Australia and New Zealand, and there are other countries where the business is not done on an export commission basis. In most of these discussions we seem to talk about South America and Australia. There are lots of other countries, and a number of other markets, each one of which individually is perhaps not big enough for the small manufacturer to send salesmen direct, and in this case the business can be handled by the export commission merchants, who have their salesmen calling on the trade throughout the whole country.

CHAIRMAN RING: There's one point that I would like to put before the manufacturers that has always been somewhat of a sore one to me, and that is this: A great many manufacturers are willing to do business in Central America, South America, Australia, New Zealand and China, giving credit to their customers in those countries, and selling these goods at exactly the same price that they would sell to a commission house in New York with immediate cash for it, or ten days. They won't give the commission house in New York any advantage for giving them cash on the spot. To me that never seemed a fair position to take, and yet I think the representatives of the commission houses here will bear me out that that is an actual fact. When I ask them, they say, "Well, we like to be known as being in the export trade." That's the only excuse or only reason that I have ever heard given by any manufacturer for doing business on that basis.

MR. W. S. GAVAN, Assistant Director of Sales, representing E. I. du Pont De Nemours & Company, Manufacturers of Explosives of every kind, Wilmington, Del.: It is difficult to generalize on this subject. Methods which may be entirely applicable to the marketing of one line of goods, such as the usual necessities of life, may not, in the same country, be applicable at all to furthering the sale of specialties or goods requiring technical demonstration.

Taking South America as an illustration, our company is represented by export commission merchants on one coast and by local dealers on the other, and in both cases we maintain a technical man on the ground for the purpose of demonstrating the proper technical use of our goods, handling of such complaints as may arise, and, in general, co-operating with the merchants holding the agency. Therefore, the position of the duPont Company is one of working in co-operation with, rather than in competition with, the export house, and it is probably not an overstatement of the fact to say that, for one country or another, we do business with 95% of the export commission merchants in the United States who handle our line of goods.

MR. WILLIAM E. PECK, representing William E. Peck & Co., New York, Exporters, with branch houses in London, Paris, Hamburg, Melbourne, Sydney, Buenos Aires and Rio de Janeiro: I heard the discussions this afternoon at the meeting of the smaller manufacturers and it occurred to me that the speakers were off the topic most of the time and also that they never can arrive at any conclusion because every line of manufacture needs to be studied from a different standpoint. Take, for instance, any article in the hardware line—to arrive at the best method of marketing same, that particular article must be studied from its own individual standpoint, and a decision reached, based upon landed cost, competition and the price at which it will retail. In other words, you cannot make a rule that will cover all products, especially those of the smaller manufacturer, as every line requires different handling.

Of course I haven't had as many years' experience as some of the men who spoke this afternoon, but I will say that the export house can be very useful to the smaller manufacturer in a great many ways, although there are some lines that the export house cannot handle, perhaps to the satisfaction of the manufacturer. The export house is not sitting still by any means and is altering its methods to suit the changing conditions from year to year. The export house is gradually getting to be a jobber or warehouseman. For

instance, Grace & Company on the West Coast of South America, and some of the other American houses on the East Coast have their own warehouses, carry large stocks and sell from these stocks, making a jobber's profit. Judging from what I have heard this afternoon, many of the smaller manufacturers look upon the exporter as a horned-devil who is making exorbitant profit and getting commissions both from the manufacturer and from his own client. It costs the exporter to-day nearly 4% to carry on his foreign business and I would like to ask what export house can sell successfully on a 2½% margin, if it costs 4% to do business and if continued for long there can be but one end. To-day the export house has also to contend with the high war taxation. I do not believe we can ever eliminate the middle man in any industry and I am quite sure that for years to come the export house or the export commission man will in their respective capacities be of great use not only to the small manufacturers, but also to the large ones.

MR. WILLIAM H. KNOX, President, W. H. Knox & Co., Inc., New York City, Exporters and Importers of iron, steel and manufactured articles to Europe, Africa, Australia, New Zealand, South America and West Indies. Representing the American Association of Exporters and Importers, and the Merchants Association and the New York Produce Exchange of New York City:

Mr. Chairman and Gentlemen: Speaking from an experience covering a period of more than twenty-five years in promoting foreign trade, and after having had many opportunities of visiting most of the important foreign markets, we are more than ever convinced of the fact that the exporter and so-called foreign commission merchant occupies with the manufacturers of this country now, and will for a long time to come, about the same position, and renders a similar service, to that of the bank in the sense that the well established and reputable exporter really serves as a clearing house for the foreign sale of the manufacturers' products, and such exporters are in a position to bring the manufacturing interests of the country into very close and profitable touch with foreign markets. We bring to bear upon this business many years of highly specialized service, and the capabilities of trained men who must necessarily be experts in their particular line. In almost all cases we are in a position not only very thoroughly to canvass the selling possibilities of any line in any accessible market, but can finance all sales in a way that permits of the manufacturer obtaining prompt cash payment on delivery of his merchandise at seaboard. We must also possess a very

thorough knowledge on all matters pertaining to ocean freight charges, marine and war risk insurance and foreign exchange, and on most of the staple lines of merchandise, can quote c. i. f. or delivered prices to the foreign buyer. Briefly, the exporters' organization usually is such that he can offer unusual opportunities to manufacturers for quick and efficient service in the sale of their products abroad and this at a minimum of expense, and in every case far below what it would cost the manufacturer were he to endeavor to obtain similar information by direct contact with foreign buyers through traveling and/or resident agents maintained at the expense of the home organization. Again, in the matter of foreign languages, the exporters' organization usually permits of all inquiries and correspondence being quickly and efficiently handled in the language of the foreign buyer. Mention was made in one of the group conferences this afternoon that manufacturers were desirous of establishing their identity with the goods that were being sent abroad and that the use of an exporter's services on such trade would prevent this being done.

We cannot conceive of any circumstances wherein the services of a reputable exporting house should in any sense prevent the identity of manufacturer, point of origin, and any other matter of interest, being withheld from foreign buyers, for the very simple reason that in the majority of instances we are called upon to buy goods from specified manufacturers whose product has been introduced to the foreign markets by exporters. As we are largely dependent upon our money making possibilities, through the intention and ability at all times of giving the manufacturer and foreign customer a square deal, it necessarily follows that we would not be in the business to-day were we not giving satisfactory service. On the other hand, whenever a large manufacturer can afford the expense of placing his own men in the foreign field and thereby develop a large volume of direct business, the exporter's services are usually called upon to care for the matters of shipping, insurance, and in many instances financing, particularly when manufacturers are located at interior points, and excepting always the larger manufacturing organizations that are able to maintain a specially equipped export department whose functions are almost identical with those of the exporter located at the large seaboard shipping centers. This is perhaps not the place, nor have we the time, to enter into any detailed discussion as to the best and most satisfactory methods of bringing the exporters and manufacturers to-

gether on business arrangements of the kind under discussion, for the necessary information can always be readily obtained by those interested through communicating with the concerns best fitted to serve individual requirements. It should of course be remembered that in such times as these, both domestic and foreign business conditions are constantly changing, and the circumstances of to-day may not fit in with the problem of to-morrow, but we know of no source for reliable information on these many points, better fitted for such service, than the reputable well established export houses, and when one considers the enormous volume of foreign business being regularly conducted by such concerns, it must be admitted, as is really the fact, that the great manufacturing industries of this country from the United States Steel Corporation down to the smallest manufacturer, are largely indebted to the exporters' pioneer work and investment of time and money in initiating and developing foreign demand for American products. For instance, the members of one Association represented here to-night are handling a yearly volume of not less than two hundred millions of dollars in the export of American products, and we think that you will find with but few exceptions almost every dollar's worth of such merchandise has been paid over to manufacturers in cash on arrival of their goods at seaboard.

The present day function of the exporter and foreign commission merchant, therefore seems to be, in brief, highly specialized expert service, comprising salesmanship, knowledge of shipping, marine and war risk insurance, credit information, banking, foreign exchange, and every detail required for the efficient bringing together of producer and consumer wherever located in the foreign field, and when it is remembered that by means of quick cable service and efficient organization, South Africa, New Zealand and other remote parts of the world are on an average within one hour's time of New York City, there would seem to be some good reason for assuming that the properly equipped export house is in a position to render most valuable service to any American manufacturer desirous of obtaining a foreign market for his products. Some necessary distinction should be made between the export merchant who sells to the foreign trade, as a merchant, and the commission merchant who may place orders with American manufacturers for foreign account, and receiving from buyers a commission for the handling of such business, or who sells to the foreign buyer for manufacturer's account with commissions on such sales paid by

the manufacturer. These three methods are properly the particular business of those entering into such arrangements and they need not be discussed at this time, but we might mention that the larger lines of great American staples are being handled to-day on the first-named basis. From time to time criticism, more or less justified, may be made of exporters' business methods, but we have usually found that the cause for such criticism originates through misunderstandings readily adjusted, when both parties to the question can get together and disclose the facts of the difficulty. Something perhaps could be said in criticism of manufacturers and some of their business methods, but as we are not here for any such purpose, it is sufficient to say that mistakes are always possible, and when they occur it should be the good business of both parties to make such concessions as required by the circumstances, and there is of course always the alternative of the manufacturer placing his interests in other hands, or dealing direct with foreign buyers should this better suit his convenience.

In conclusion you will permit me to say, that while in some lines of business the exporter might be considered as a middleman, whose services are not required, we think you will find by actual experience that he is in a position to offer the greatest amount of expert service and knowledge in his particular field for less compensation than is being paid in any other line of business activity, and while to some of you he may appear to be an unnecessary evil, the facts at your command, if you chose to thoroughly investigate the best interests of the business you are seeking to develop, would indicate to the contrary.

MR. THEODORE H. MARBURG, President, Marburg Brothers, Inc., New York: There seems to be quite some feeling among a number of manufacturers that some of the export merchants do not treat the manufacturer fair. Of course, in cases where the name of the manufacturer is specified, the export merchant can do nothing else but place the order in accordance with instructions. My experience has been mainly in the machinery business as well as in metals and metal products. In the machinery business the hands of the export merchant are surely tied up pretty well; when an order comes in, he has hardly any choice with regard to the manufacturer with whom he can place the order. I feel that almost all of our manufacturers are starting in the export business on an entirely wrong basis.

We have heard much during this Congress about German ef-

iciency. My experience in traveling for many years over almost all parts of the world has been that the German manufacturer is by no means anxious to put his own name and his own personality before the foreign buyer. He is looking for results. To get the same he is willing to furnish the export merchant with catalogs, which do not show his name and, as a matter of fact, do not in any way show the origin of the respective products. The export merchant and his foreign clients are therefore pretty sure that if they start negotiations on a certain deal, they will get the financial benefit of their work. The German manufacturer realizes that as he cannot travel all over the world, the good will of the export merchant and his foreign clients is more valuable to him than bringing his name or trade mark before the people abroad.

This characteristic of the German manufacturer, his willingness to sacrifice some part of his own individuality for the sake of getting results, is furthermore shown by the combinations which have been formed among manufacturers in similar but not competing lines, as, for instance, manufacturers of various classes of machine tools in Germany. These combinations only cover the export business and serve the purpose of either having one large export house in Hamburg, Bremen, etc., or of sending one traveling-man,—who is fully acquainted with the lines of all the respective manufacturers, in most cases four or five of them—to various parts of the world. It is a matter of course that, in order to bring about such combinations, occasionally a manufacturer who, for instance, may make a full line of drill-presses and perhaps a few lathes, will have to give up the privilege of selling his incomplete line of lathes through the combination in order to make room for the admission of a manufacturer who has a complete line of lathes and who on his part may have to give up certain incomplete lines of other tools that he is making.

It is altogether a question of "give and take" in these combinations and we can learn an awful lot from the way the question has been handled in Germany. I feel that in all lines, with the exception of staple products, this manner of combining is much healthier than the way suggested by the Webb Bill. It leaves a path open for every individual manufacturer, may he be small or large, in certain lines of machinery or tools or, in short, everything except staple articles. I am opposed to the Webb Bill for the reason that it is liable to crush the small manufacturer, in case he is not willing to do what the large manufacturer asks him to do.

CHAIRMAN RING: Mr. Smith, I see you sitting back there. What have you on your mind?

MR. W. M. F. SMITH, Hale Mfg. Co., New York: I have known the export business intimately for just short of thirty-nine years, and for fifty years my firm never did a dollar's worth of business in the United States until 1909. One of my first experiences, one of my best experiences,—I won't mention any names—was some thirty-five years ago when we got a little sheet of paper from Santiago, Chile, asking for our catalog. Some fellow had gone down there from Yale College without even a chair catalog. We sent him our catalog and quoted 15 per cent discount. We were then giving all the exporters in New York 25 and 5. This man sold \$40,000.00 worth of chairs in about three months—I am not mentioning any names—so from that day to this we have been very good friends. Now, I just want to say a word. I really don't know yet what this group represents, but I want to say we are manufacturers; we are exporters and have been for many, many years. I think there's a great difference between doing the export trade direct and exporting through commission merchants. There's a great difference in what you manufacture. Now, we have found it necessary in the last five years to get trade direct, but we have been doing nine-tenths of our business, excepting in Cuba where we do it absolutely direct, through commission houses, and it has been very well looked after. But I think, gentlemen,—I don't know how many manufacturers there may be here—but I think we have all realized this, that we have got to send occasionally our own men. In my case I have sent my partner to Central America, Australia and South America, and then have the business, as far as possible, come to us through the commission houses, and we are perfectly willing and glad to pay them a fair commission to have them look after that business. Now, so far as the commission houses are concerned, we do all the business through them that we can do, but I do feel that the manufacturer in the United States to-day has got to make a direct effort to get the business. I want to tell you that in the development of the export business we are only just beginning to get it, and when this war may be over—I hope it may be soon—the United States is going to be in a condition and in a position to command a business that we are not even getting to-day, but as far as the commission houses are concerned I say to you again, "God bless them," I am with them, and I hope always to be able to pay them a good commission on all the business which we are doing.

MR. JONES: For a long time the bulk of our foreign business was done largely through Commission Houses, but as this business increased we found it necessary to secure a more personal contact with the actual purchaser, and in certain foreign countries such as Australia, South Africa, Argentina, Brazil and Mexico, we have established selling and engineering organizations dealing in goods of our own manufacture and allied lines. In these countries the Commission House cannot be of as great assistance to us as in the earlier days when we had no more direct connection, but there are many countries in which we find their services of great value and we are glad to have them help us in these territories in their own very capable way.

MR. JOHN F. FOWLER, Vice-President of W. R. Grace & Co., Exporters, New York City: I feel very sorry not to have been here earlier, but other engagements interfered.

Talking from the standpoint of the Exporting Merchant, and believing that most of those in the room are manufacturers, I want to ask them a direct question.

At this convention we have hundreds and hundreds of manufacturers, all, at the present moment, with a fever for export trade. And among the 100% of manufacturers present here to-day, in this month of January, I am curious to know how many will be ready when the month of June comes around to fill the orders resulting from the spirit of to-day, when the manufacturer wishes to inspire the export merchant to arouse business for him? Speaking for myself, as an export merchant, and from the experience over many, many years, I will say that, over and again under the same inspiration, we have started at work to get business for manufacturers; and, after four or five months of effort, the results come back in the shape of orders. Meanwhile, conditions at home have changed; and I challenge a lot of the manufacturers that then they will say, "Oh, things here at home are so good we don't want the export business." Now, that's an open challenge!

Let us hope that, on the present occasion, under the present conditions, and the present abnormal commerce of the world, you are not going to repeat the same performance. If you do so you deserve condemnation. I am not here to plead any special cause; I am trying to give you the exporter's standpoint, what his experience has been year after year. I don't doubt that a great number of my colleagues will uphold me in this opinion.

Now, there is another phase. All of us, both manufacturers and

exporters, have about us, not only this year, but last year and shall have next year, a great number of what we ought to regard as "Commercial Adventurers." As we all know, if we stop to think of it back in our heads, they are fellows with nothing but plausible words. They go to the manufacturer and say this-and-that; "We will do this," or "We will do something else, but our expenses are rather large, therefore in our campaign for business in your behalf, help us out with contributions; help us out with syndicate salaries," etc., etc. The pity of it is that most of you, in some peculiar way, associate the commercial adventurer with the respectable export houses. In talking for the latter, of which there is a body in New York, and your worthy chairman here represents one of them, I say it is a shame that manufacturers, abroad in this land, should regard the export merchant as belonging in a class trying to blackmail the manufacturer.

I am led, more than I had intended, to speak feelingly, because I have had so many examples to surprise me. Presumably, our manufacturing friends here, if undertaking to market their goods in Pittsburgh, would not regard 5% to 10% as more than a legitimate selling expense; but, the moment an export merchant looks for such a modest reward as even $2\frac{1}{2}\%$ it seems, somehow, to be regarded as a form of imposition. I have been trying in all my years of experience to understand the why and the wherefore of that idea, and I don't yet grasp it. If you would appoint an agent in New York, under an office-selling expense of 5% or 10%—in many cases 10% would not be regarded as excessive—you are still operating from the standpoint of domestic business. Then you say, "Oh, if it's going to be export, instead of 60 days for payment, we want cash on the nail," which is another peculiar phase of the export definition. Now, why the difference between 60 days to a domestic buyer, and cash on the nail to the export buyer? Will somebody please tell me that? It is sometimes 90 days, or even four months, to the domestic buyer, but the moment the word "export" is mentioned, there's fear and terror. Will some one please say why? I don't know why, but it is the fact, nevertheless. The compromise is that the export buyer pays cash, and quick cash, and because he pays quick cash, he doesn't get any more respect. Not a bit of it! And when he pays out quick cash at New York, does he collect quick cash? Not a bit of it! Sometimes, of course, I will grant you. Every rule has exceptions but, on the average, the banker-merchant, for he is both banker and merchant, has got to give the credit abroad. He's got to

carry not only the risk of that money, but he's got to carry the risk of performance. If he made a seaboard sale to be shipped in January, and he doesn't ship in January, who's guilty in the eyes of his foreign customer? Of course he is, nobody else; but is he really guilty at the bottom of it? Your shipment from Pittsburgh on the 24th day of January ought to be in New York in four or five days. It doesn't get there until the 24th of February, or perhaps March or April. What has happened in the meanwhile? When the goods arrive abroad two or three months late, the foreign customer probably refuses to accept them.

The export merchant is not simply buying and selling merchandise, but he's also giving the manufacturers a service, a service to the importer abroad, a service all around which, after all, reasonably approaches perfection and is a service that can be given only by those with many years of experience.

CHAIRMAN RING: He didn't say "all manufacturers."

MR. FOWLER: If I may be allowed just a word. I did not use the words stated by Mr. Smith; I didn't use such a vulgar term as "fakers," but I did use the term "commercial adventurers," and the field is full of them to-day.

MR. SMITH: I have known Mr. Fowler for a good many years, but I want to protest against one section of his talk to-night, when he says that the manufacturers put the fakers on the same plane. I think you are wrong, because I don't believe that any manufacturer who is doing export business will ever consider them in the same class with you and some others. I admit that ten or fifteen years ago there were a lot of them, but I am pleased to say that from my experience there are fewer of the fake commission houses to-day, and I don't like to hear it said that we as manufacturers look upon them all alike. I think it is a great mistake.

CHAIRMAN RING: I think we have had a very interesting discussion, and if you will pardon the chairman for just a few brief remarks I would like to offer to the manufacturers a little bit of advice. I think in the development of our foreign trade the manufacturers have many of them very much to learn. I refer to one particular matter, and that is to the packing of our goods for export. I know that my friend, Mr. Smith, there utilizes every inch of space in every case of goods that he exports, realizing that the freight is a very large item, particularly on his line of goods. To show you what I mean, I bought some goods from a firm in the west; they were packed, and when they arrived in Australia we received a com-

plaint that the cases were only about half full, and they were paying double freight. In some cases the freight rates are more than the actual cost of the goods. That was the fault of the manufacturer. We have one customer in Chicago, from whom we are getting from \$5,000.00 to \$6,000.00 worth of goods a month. He is a very good customer. We have been doing business with him for three years. This company had been doing their business in a very unsatisfactory way, I don't know exactly what it was, some banking house or connection or forwarding house, and they learned of us and asked us if we would finance their bills. We made some inquiries and took the account. They made two or three shipments, and as soon as we got the goods there came a request, "We are a little short of money. Would you oblige us by remitting us for this on receipt of this bill, and not waiting until the goods arrive? We enclose you a railroad bill of lading." Well, knowing the parties in Australia were all right, or believing they were, and also believing that these people were reputable that we were dealing with in Chicago, we paid them, thinking it was a special case. With the next shipment we got the same request. I wrote to them and said, "If you are going to ask us to pay your bills as soon as we receive them in the mail, we think you ought to be willing to give us 2 per cent for cash." They said that was satisfactory. In the course of three or four months we heard from Australia, from the man out there, stating that he had been informed by the man in Chicago that we got an extra 2 per cent discount, and he wanted it. Now, if you gentlemen in the manufacturing business want the foreign trade you must pack your goods just as well as the Germans, the Belgians, or the French and the English do, and we don't do it in this country. Take one of our cases, and one coming from France or Germany, see how carefully they are packed, how well they are nailed together, how much better they are turned out than our goods. You will then realize that the American manufacturers are not doing justice to their goods. Now, you gentlemen of the manufactures, I hope you won't take my remarks with any ill-feeling, because I don't intend them that way. It is for your good and our good. I appreciate the kindness and attention with which all of you have listened to each other, and I hope the result will be for the benefit of the trade. I thank you all.

THIRD SESSION

Friday Morning, January 26, 1917, 10 A. M.

MR. ALBA B. JOHNSON,
President, Baldwin Locomotive Works, Philadelphia, Pa.

PRESIDENT JOHNSON: The National Foreign Trade Council has offered prizes for essays on the Merchant Marine. These prizes have been awarded to two students of the University of Pittsburgh, Mr. Ralph Girard and Mr. Julius J. Paglin, and Chancellor McCormick of the University, with these two young men, are present; and Mr. Farrell, the Chairman of the National Foreign Trade Council, will now award the prizes.

MR. FARRELL, President, U. S. Steel Corporation, and Chairman of the National Foreign Trade Council: I have already attended to that function, but I desire to say that the essays submitted by these two young men were capital. The National Foreign Trade Council has awarded similar prizes to young men in various parts of the country, but it remained for these two young Pittsburgh men, under the tuition of Chancellor McCormick, of the University of Pittsburgh, to prepare what we consider the best of the essays that were received, and on behalf of the Council we thank them for their interest in the work and sincerely hope it won't lapse with the awarding of the prizes. [Applause.]

PRESIDENT JOHNSON: The first address on the printed program in this morning's session was one entitled "The Work of the United States Shipping Board," to have been delivered by the Hon. Bernard N. Baker, Chairman of the Shipping Board. Mr. Baker has announced that it is not possible for him to be here, and therefore we will proceed to the report of "World Shipping Conditions and the American Merchant Marine," which will be made by Captain Dollar.

CAPTAIN ROBERT DOLLAR, President, the Robert Dollar Co., Steamship Owners, San Francisco, Cal., and member of the National Foreign Trade Council: Before proceeding with the paper, I have three telegrams here from San Francisco on a matter that we did not intend to bring up at this meeting, but I think it is proper to

read the telegrams, as the matter will not be taken up until the October meeting of the Council.

"The San Francisco Commercial Club sends greetings to the delegates of the National Foreign Trade Convention, who have before them the most important questions bearing on the industrial, commercial and financial problems now confronting the American people. We feel sure great good will result from your deliberations; it being inevitable that the West is destined to become more and more the center of the world's activity, we feel your next convention should be held on the Pacific Coast. May our City act as host in 1918? The San Francisco Commercial Club promises to do its part on entertaining your delegates and making their stay agreeable."

(Signed by the President.)

Here is one from the Pacific Tourists Association of Central California.

"The commerce of the Pacific Coast has much promise for the future. The Foreign Trade Convention will desire to hold its next annual meeting in San Francisco, and the Tourists Association of Central California joins with other public organizations of this City in the invitation extended through you to the Foreign Trade Convention. It is earnestly hoped that our invitation will be accepted."

Here is another from Mr. James Lynch:

"The Rotary Club of San Francisco, believing in the permanent importance of this city as a gateway for the tremendous amount of foreign trade, both in South America and the Orient, urgently invites the Foreign Trade Convention to select San Francisco for its next meeting."

We haven't many people over there, but you see we have big ideas. [Applause.]

REPORT OF THE MERCHANT MARINE COMMITTEE OF THE NATIONAL FOREIGN TRADE COUNCIL.

PRESENTED BY
ROBERT DOLLAR, Chairman.

It goes without saying that the Fourth National Foreign Trade Convention desires to consider the American Merchant Marine from a business rather than a sentimental standpoint.* If any delegate desired to enter into a new business he would not wrap himself in the Stars and Stripes and make a speech. He would calmly analyze the chances of success in the particular field and then estimate his own resources and necessities. Let us consider, therefore, why the United States desires to go more extensively into ocean shipping. The National Foreign Trade Council has declared that an American merchant fleet should discharge the following functions:

First: To increase the national income and domestic prosperity through greater facilities for the sale abroad of products of the soil and industry of the United States, the importation of materials indispensable to life and industry, and through the freights collected from world commerce.
Second: To maintain, under the flag, communication with distant possessions.
Third: To aid the national defense and maintain commerce during war, whether the United States be belligerent or neutral.

The world shipping outlook may be summarized as follows:

The position as far as the future of merchant shipping is concerned may be summed up under four heads:

1. War-loss of tonnage.
2. Steps taken to remedy the decrease of tonnage.
3. Nationalization of merchant shipping in relation to international traffic.
4. Participation of American shipping in international trade after the war.

WAR LOSSES

According to available statistics, England has lost some 12 per cent. of her deep sea shipping as a result of the war, while Germany has lost some 7.5 per cent. of hers, through mines or otherwise. The 13.4 per cent. of German tonnage now in the hands of the Allies has not been wiped off the register, nor is it necessary to take into consideration the 39.1 per cent. of German tonnage laid up in neutral

* I will stop to remind you there that we have been looking at it from a political viewpoint.

harbors. In the case of Norway, the loss of shipping due to the war has been even greater than that sustained by England. The merchant shipping of the world to-day is probably only 85 or 90 per cent. of what it was when the war broke out, after taking into consideration all new tonnage built during the past two years, which is the smallest for almost a generation.

Collectively with this process of destruction, we must include some 4½ million tons of shipping laid up to avoid the risk of capture, while at least another 12 million tons is in constant use by the Allies in connection with their transport service. Altogether it has been estimated that only slightly more than 50 per cent. of the whole mercantile fleet of the world is now available for peaceful trade, so that no great effort of the imagination is needed to understand the position as regards both the present level of freights and the prices which neutral ships are commanding in the sale market. This will give you a general idea why freights are so high.

REMEDYING THE LOSSES

The next question in order is the nature of the steps taken to remedy the loss of that 10 per cent. more or less of the world's tonnage which has been destroyed as a result of the war. It is here that the greatest difficulty will be found in arriving at anything like comprehensive figures upon which to base positive deductions. In 1913, for instance, British shipyards turned out approximately 1,975,000 tons of shipping. Last year their output was reduced to 580,000 tons, but concurrently there was a proportionate increase in other countries, particularly in the United States, where, including the tonnage built on foreign account, some 560,000 tons of shipping were launched. In Holland, France, Norway and Denmark last year's output was slightly reduced owing to difficulty of securing material, while little is known of what is going on in German shipyards. Japan and Holland together turned out about as much tonnage as the United States and adding the British total to that of all other countries, the total for 1916 is slightly above 1,820,000 tons of new ships, which is less than the output of the United Kingdom alone for the year 1913. The output of new tonnage throughout the world has been reduced by 50 per cent. since the beginning of the war.

According to the figures given of the Bureau of Navigation of the U. S. Department of Commerce, not less than 1,428,000 tons of steel ships alone had been ordered from American shipyards on

Dec. 1, 1916, and in the United Kingdom, according to the figures of Lloyd's Register, approximately 1,800,000 tons of shipping are in various stages of completion and could be put into service within a few months, should the cessation of hostilities permit employment of sufficient labor to push work on these ships.

Figures are lacking as to the amount of tonnage under way in Germany, France, Italy, Japan and Holland. But it is known that this tonnage is considerable and amounts to at least as much as has been ordered in this country, so that there is every reason to believe that should hostilities terminate this year, the mercantile marine of the world after another year would show a net loss less than anticipated. In other words, it would have suffered from arrested development, a condition open to various interpretations, for the reason that in years past trade depressions were followed by terrible slumps in the shipping industry so that any slackening in the movement of international traffic resulted in depriving ordinary cargo ships or tramps of a living wage, forcing many of them into idleness. This surplusage, therefore, will have been wiped out by the destruction wrought during the war and the slackening of shipbuilding operations; making the exploitation of oversea transports a less precarious industry than it has been since the last boom period of 1900, which was then brought about wholly by the enormous requisitions of tonnage by Great Britain for the transport of troops and supplies to the seat of war in South Africa.

GOVERNMENT CONTROL OF SHIPPING

It would be extremely rash, however, to venture predictions concerning the maritime traffic situation of the world as it will find itself at the end of the war; chiefly because the ultimate result is still a matter of speculation and at such times as these, when international trade is, as during the Napoleonic wars, a period held subordinate by the belligerents to the measures thought necessary to secure the advantage in war, the future is so dependent upon the future course of events as to warn us to exercise the utmost caution when venturing predictions based upon passed events.

The war has been and is still a great benefit to the shipping of neutral countries. Thus we have seen in our own trade scores of Japanese, Greek, South American and other vessels that formerly never ventured beyond the coast line of their own countries, arriving at our ports in search of coal, grain, foodstuffs and other essential necessities. Similarly, our own so-called "coastwise" vessels

have been eagerly chartered for the oversea trades and a few days ago two steamers built for Atlantic Coast traffic were chartered by a British steamship company to work on its New York and River Plate line, in place of British tonnage commandeered by the British Government.

One question which has been foremost in the minds of those who have recently participated in international ocean traffic, has been the probable attitude of the belligerents toward neutral shipping when the war ends. It has been hinted that the system of government control of shipping now in force in the warring countries would be continued after peace is declared and that steps would be taken by the allies to exclude from their trade the ships owned by their former enemies.

It is idle to conjecture what is really at the bottom, or what will be the result of the trade pact signed by the allies in Paris last year, but it is inconceivable that the nations which are now, in their own words, allied for the defense of civilization, will use the eventuality of victory for the purpose of enforcing a system of domination of the seas which, though once claimed as a right worth upholding, if necessary by force of arms, was given up voluntarily as a handicap upon the accretion of national wealth through greater participation in international trade.*

Restriction of the liberty of navigation must be paid for by those who would seek to drive others from the sea and historians are agreed that it was only through her tacit renouncement of the doctrine of sovereignty of the seas and the repeal of the monopolistic Navigation Laws, that England secured for her shipping that position of superiority which it enjoyed at the beginning of the war.

EFFECT OF CONTROLLED SHIPPING

An object lesson in the practical working of nationalization of shipping is in evidence to-day, for it is undeniable that much of the tonnage scarcity existing in certain trades has been artificially created by the action of officials in control of shipping, who have ordered ships to proceed from one end of the world to another, unmindful of the fundamental principle that the proper function of shipping

* Captain Dollar: This is a subject, gentlemen, which is of more importance than anything else—as to what is going to result after the war; and I want to say to you, gentlemen—every one of you—you want to prepare for what is coming. Be ready for it. There is a great deal of wild cat speculation abroad. Those fellows are going to get hurt. You sensible, level-headed men are not going to get hurt because you are going to prepare for the future.

is to serve both ends of the trade routes and that ships cannot be shunted to and fro like locomotives over the shortest circuit without causing profound disorganization in the system of international transport which has been evolved by the natural process of operation of the law of supply and demand. Signs are not wanting that the public of the Allied nations is beginning to understand that Government control does not necessarily imply efficient handling.

In this country we have heard the echo of Government control of shipping through the enactment of the Shipping Act with its concomitant appropriation of \$50,000,000 of public funds for the purpose of acquiring vessels. In this case, one problem will be the judicious expenditure of so large an amount of public money without incurring the risk of a tremendous depreciation of the initial investment when conditions have returned to normal.*

AMERICAN SHIPPING

The last phase of the problem of rehabilitation of merchant shipping after the war is that which has to do with the probable amount of traffic that will be available when the guns are silenced and the legitimate share of such traffic which may accrue to the American merchant marine.

The nations at war have piled up such a heavy burden of debt that for a long time they will probably continue to impose upon themselves the program of retrenchment at present in force.

Of late the percentage of American foreign trade carried in American vessels has increased materially and the urgent question at the moment is the devising of means not only to the end of reserving for American shipping the percentage of American international trade which it has won, but also of strengthening its position in order that if the end of the war witnesses keener competition for maritime traffic, the American merchant marine will continue to

* Captain Dollar: That is, if the Government buys ships. To-day, for instance, they will pay Two Million Dollars for a 10,000-ton ship. In four years from now the ship is going to be worth Five Hundred Thousand Dollars. Therefore, you see what a shrinkage is going to take place and I think the Shipping Board is sensible enough to go slow.

In Western Australia they tried this, and they put the merchant ships out of commission. A report has just been issued by the Government in which they show they have lost 80,000 pounds,—about \$400,000—in operation. Gentlemen, it is easy to operate a ship or ships when you have the public sack in your hands and you can just reach down and get what you need, but when a fellow has to run ships to make them pay, it is a different proposition. [Applause.] In Argentine, they had a fleet there, and they were wise enough to let the other fellows have it. They sold it.

enjoy that share of the world trade which it has already conquered.*

This phase of the question is that which concerns us most deeply, both because an American merchant marine is needed for national needs and as a source of revenue for our people, and because it is a vital element of the shipping problem that no one section of it be developed without due regard for the economic conditions which are likely to influence its existence. The new American merchant marine which is now in process of evolution has not perhaps developed as rapidly as circumstances seemed to justify, but it is well worth remembering that the natural desire of the American public to venture more extensively into ship owning has been somewhat dampened by legislation, which, although ostensibly conceived for the general benefit of the community, has nevertheless been interpreted as likely to handicap the chances of American shipping. The Seamen's Act is a case in point.

In all countries a similar upward trend in the cost of ship labor has been witnessed, and for the time being high rates have neutralized the disadvantage imposed upon American vessels; but if it is desired that the American ships which are now exploiting some of the American trade routes remain in these trades after the war, it will be necessary that after rigid inquiry, steps be taken to place the American ship on a footing of equality with any competing ship in the same trade. Such functions appear to have been delegated by law to the recently created Shipping Board and if by reason of the Board's existence it becomes possible for American shipping to trade on equal terms with the foreign ships that come in ballast to these shores to seek cargoes for distant markets, there will have been set in motion machinery that will prevent the recurrence of that period of stagnation existing before the passage of the Panama Canal Act, when the arrival of an American ship at any port in South America south of the Spanish Main was enough of an event to draw comment from the vernacular newspapers.

PECULIARITIES OF AMERICAN TRAFFIC

When studying the merchant marine problem in its particular relationship to the ownership and operation of tonnage under the

* Captain Dollar: This is a matter troubling all American shipowners today. As it is now, anybody can run a ship because the profits are so great; therefore it would appear as if we were on the highway to prosperity with the Marine; but when the crash comes and the bottom goes clean out of things, as it is sure to, are we going to be able to compete with those foreign nations, handicapped by our Government as we are? [Applause.] What we want, gentlemen, is a little more CONSTRUCTION and a good deal less DESTRUCTION in our Government's policy.

American flag, it must not be overlooked that there exists in our foreign trade a serious deficiency from the traffic point of view; the fact that the normal tonnage of American exports is about twice that of imports, so that there exists at all times a greater demand for tonnage to carry exports than is usually to be found disengaged in the ports of the United States.*

In general, it can be predicted that as soon as our imports of raw materials have increased in such volume as to solve the vexed problem of return cargoes, there will have been evolved a condition that will not only be of great help in the development of the American merchant marine, but of many of our competing industries as well, for the reason that the greater volume of imports will be a guarantee of the steady flow hither of a large number of ships that will be available at lower rates of freight than has been the case in the past, when so many ships had to make the voyage to these shores in ballast in order to load our exports.

It may be regarded as axiomatic that, even under such circumstances, traffic will be found for an American merchant marine only if it is able to offer both exporters and importers the same service for the price at which foreign ships are willing to undertake it. This traffic will not of necessity be regularly to and from the United States, because on several of the trade routes over which our exports travel, no return cargoes of any kind are available, so that American ships will serve the commercial interests of other nations as well as of ours. Obviously it is impossible for any nation to trade exclusively in its own bottoms, because in such a case there would be no return cargoes and the ships voyaging empty on one leg of the journey could not perform the service for the same price as when the cost of transportation is figured on the assumption of carrying paying cargo both ways. Therefore, American traffic stands peculiarly in need of the "tramp," the very nature of whose existence is to serve the commerce of all the world, carrying cargoes for whatever destination is offered, in order to avoid the deadening ex-

* Captain Dollar: As a concrete illustration of that, I had a ship loaded with a cargo of lumber from Puget Sound and she came around to New York after discharging her cargo. She couldn't obtain a cargo to go back to the Pacific Coast, so we took a cargo from Norfolk to Manila and there got a part cargo, and in China finished out the cargo and brought her home to her home port, having gone clean around the world. That has been done on several occasions. But the object of that was that the ship was loaded from every port to every port. If a ship has to go without a cargo, it is a very expensive proposition, and that is what we are face to face with. We must have cargoes. You have heard it said that "such and such a man is a windbag"; you all know what that means; but a ship carrying wind is the most expensive proposition any of you gentlemen ever struck.

pense of returning home in ballast. Normally, about 40 per cent. of the carrying power of the British merchant marine is employed constantly in service between foreign ports, wholly outside the United Kingdom, and in average years only about 55 per cent. of the entries and clearances at British ports consisted of British tonnage.

England's example may serve as illustration of the great economic fact that no nation can transport all of its foreign commerce in its own vessels, for we must always reckon with the not unnatural desire on the part of our foreign customers like ourselves to possess a merchant marine, so that in all cases care will have to be taken to allow such foreign ships a sufficient margin of traffic from our coasts, especially in view of the fact that much of that which we export is the property of the foreign purchaser even before it has left this country.

VAST TONNAGE NEEDED

From these premises it has been adduced that there is every reason to put forward efforts enabling an American merchant marine to carry from 50 to 60 per cent. of our total foreign trade—speaking in terms of bulk, not value. It has also been calculated in a statement submitted in May last year by the National Foreign Trade Council to the Merchant Marine Committee of the House of Representatives, in connection with the passage of the Ship Purchase Bill, that between six and ten million tons of ships of all sizes and types would be needed to discharge such functions as have been alluded to above. This by no means implies that such an amount of tonnage is to be created anew. In the first place the capacity of the shipbuilding industry of the whole world would not be sufficient to provide so many ships in a decade, but it does mean that provided inducements are offered Americans to operate tonnage under their own flag, there is traffic already in sight at our very doors for a fleet approximating half that of England when the Great War broke out.

To sum up, this is the situation: The traffic is here and more traffic may spring up as a result of more intensive exploitation of our coal mines, increased imports of ore and nitrates and greater expansion of our export trade in manufactured goods. From the transportation of about half of this traffic, not only can our people derive a very large revenue, which will be a welcome addition to our national wealth, but the ability of the nation to defend itself against foes will also be well served by the ownership of so large a

fleet. The investment that would be represented in such a fleet amounts to probably ten times the \$50,000,000 appropriated by the Ship Purchase Act.

Therefore, the duty which lies before the Shipping Board created by the same law is not so much the expenditure of that appropriation under the dangerous conditions existing at present, but the evolution of a policy enabling American ships to compete on equal terms with those that have in the past carried the preponderating share of our foreign commerce.

SOMEBODY MUST PAY

Either by leasing of the government owned vessel to private enterprise or by government operation, the shipping act embarks the United States in an industry normally costing more to conduct in the United States than under foreign flags. Under normal conditions of peace, it can scarcely be expected that private companies will undertake the operation of government ships unless the rate of lease or charter is sufficiently lower than the market to offset higher American operating cost. Somebody must pay the difference and under the proposed policy it will be the taxpayer, just as surely and completely as under a subsidy policy. If, then, government aid is extended only through leasing of government owned vessels, the American flag in foreign trade may become a government monopoly except for such exporting enterprises as desire, as a matter of policy and protection, to own and operate vessels for the carriage of their own goods.

It is not generally realized that the authorization for a \$50,000,000 bond issue to give effect to the shipping act, is the most unrestricted appropriation ever made by Congress, for no regulations are laid down. A public building bill always specifies the location and limit of cost of post offices and customs houses. A river and harbor bill does the same for engineering works. But the Shipping Board is in power to build, buy or lease vessels and to lease or sell them and with the funds thus derived it may build, buy and lease more and again lease or sell them. The way is open for the government to assist private enterprise by chartering vessels to individuals or companies at less than the market rates, but a distinct danger lurks in the possibility of political influence being exerted to determine the recipients of such aid. The Shipping Board will require a maximum of independence and vision to resist such influence, for it is unlikely that the public will ever consent to sufficient appropria-

tions for the government construction or purchase of the six to ten million tons necessary to render American commerce reasonably independent of foreign transportation.

The government control of European shipping during the war has led to some projects for a similar control during the reconstruction period and permanently thereafter, and this has created a rather academic apprehension that European merchant fleets may not, with the return of peace, be again so thoroughly at the service of American commerce as before the war, but that by some co-operative policy the various belligerents will use their shipping only for the encouragement of their own commerce.* This overlooks two important facts: First, that importation from, and export to, the United States will be the most important element of European commerce and, second, that when ships now impressed in government service and immobilized are released, there will probably be more ships than freight and unrestricted competition will serve the national interest of all countries better than European government control.

The first duty of the Shipping Board obviously is to acquaint the American people with the fundamentals of ocean transportation, especially as relates to American foreign commerce. And its second duty is to make recommendations to Congress, which will permit the development by private enterprise of a merchants fleet sufficient to give the United States what, for many years, economic and legislative construction have denied it, a share in the ocean carrying trade of the world.

A policy consisting of a few government steamship lines will not be a solution of the problem, in which probably, above all others, the American people are interested.

The United States Shipping Board will be accompanied in its labors by the earnest wishes of the American business public that its labors may result in a broad and constructive policy. To this end it is the duty of every American citizen, engaged in foreign trade, to give his cordial co-operation and best information to the Board.

Commercial and industrial organizations should be encouraged to study this question in its broadest aspects as an industrial proposition.

* Captain Dollar: I just want to say there that if the British or any other nation need ships for their own trade, they are not going to send them to the United States to help us out and keep their own trade waiting.

The Merchant Marine Committee of the National Foreign Trade Council is conducting a continuing work of investigation, the results of which from time to time are made public. Pending the organization of the Shipping Board, and an indication of its interpretation of the shipping act and the policy it proposes to pursue, the Committee at this time deems it inadvisable to make further recommendation than that all business interests co-operate to the best of their ability with the shipping board, and that the board itself lay the foundation for a policy which will encourage the private endeavor which alone can produce, and permanently maintain, a fleet adequate for the carriage of a greater share of our own and the world's commerce.

Committee on the Merchant Marine,
National Foreign Trade Council.

ROBERT DOLLAR,
JAMES A. FARRELL,
P. A. S. FRANKLIN.

CAPTAIN DOLLAR: That ends the report of the committee, but I have a few remarks to make that I think might be of interest. As to the personality of the Board, I would say this: I know them, and they are all men of the highest reputation and the highest character; but when I want to get a suit of clothes, I don't go to a shoemaker. [Applause.] There is a lawyer on the Board, there is a lumberman and there is a railroad man, and there is one shipping man and one vacancy; and the Seamen's Union have done their utmost to prevent the ratification by the Senate of the shipowners for the reason, they say, that he would know too much about shipping, and they don't want him. The difference between our Shipping Board and the Shipping Board in London that controls more than half of the steam tonnage of the world, is this: that they appoint men who are all actively engaged in shipping; our men all had to go out of the business they were in before they could qualify for their position. But over there they have selected men who are the most active and the biggest shipowners in the United Kingdom. They just appointed one man there who is one of the biggest shipowners in Glasgow; and he and another shipowner are practically running the shipping business of England.

Now, that ends the reading of the paper, but I have a few remarks here that I think might be of interest; and, Mr. Chairman, whenever I have talked long enough you tell me to sit down.

[Laughter and applause.] I should now like to speak of the conditions previous to and after the war and the present conditions. As I said, anybody can run a ship to-day and make lots of money out of it, but I am going to take you ahead to the time when we are going to get down to the keenest competition the world has ever seen.

I want to say to you that in foreign shipping we are in competition with the whole world, and we meet the keenest and sharpest men in the whole world in our competition. It is certainly a man's job.

Just to show you the handicaps American ships have. In talking at New Orleans, I didn't speak of this and some of the members—especially those from the Middle West—said they would like to have known about the handicaps. I have not time to go into them because there is a whole string of them that the Government has put in.

Take the extra measurement of a ship. The Americans measure a ship bigger than any other nation. Therefore, when our shipping goes to a foreign country, they pay from 20 to 30 per cent more tolls to the foreign government than any other ship. That amounts, in a ship of 8,000 tons, D. W., to about \$5,500 a year.

The extra cost of inspection: We have to lay up our vessel to be inspected. The foreign countries will say this: we want to inspect your vessel; are you ready? What have you ready? We tell them what we have ready, and they give us a certificate of inspection for a certain part and we pass on to the next port to have more done there, so that there will be no delay. But with our Government they say, "Stop and wait until we can inspect your ship." I had a ship in Honolulu at one time on which the inspection certificate had expired. It was held up. The nearest inspector was in San Francisco; there was none at Honolulu; and after telegraphing a good while to Washington we got the consent of the authorities to send the inspector to Honolulu, and in the meantime our ship and crew were waiting there for the inspector to come. [Laughter.] That cost about \$3,000 a year.

Then in the difference of wages I took three ships—I have the records in my books; one was an American ship, one a British ship and the other a Japanese ship; the Japanese ship we chartered, but the other two I owned. The wages on the American ship were \$39,240 a year; the wages on the British ship were \$15,696 a year; and the wages on the Japanese ship were \$9,324 a year. So there is the difference in the wages; so that when we get right down to

a keen competition there is the kind of competition that we are going to meet along with all the handicaps we have. I won't mention those, because it would take too long.

Now, Mr. Furusuth, in planning the Seamen's Bill, said his plan was to get every sailor that came to an American port to desert from his foreign ship, and then hire him over again at the American wages. In theory that was fine, but in practice it wasn't worth a cent. [Laughter.] He forgot that on a Japanese ship, if a sailor deserts a Japanese ship in a foreign port, when he gets home he is put into jail for a year. Now, Mr. Furusuth has provided that the sailors of every nationality would go on their own ships, or they would be taken up by our immigration authorities and deported, but those who would ship on a Japanese ship and go back home would go straight into the calaboose on arrival. [Laughter.]

Now, what I say is this: The shipowners don't want any subsidy, because a subsidy, you know, to Congress is like showing a red rag to a bull; but I say that if other nations are paying their sailors \$20.00 a month and the American wage is \$50.00 a month, then let the Government pay the sailors \$30.00 a month—to every American citizen shipped—and then that will not be a subsidy—that will only be a little help to the poor men. [Laughter and applause.]

Now, for the benefit of you men not in the shipping business, I will say this: When you hire a man, the bargain is just between you and him; you hire him and he works for you. Not so in shipping. When we hire a crew for a ship we have to take them before the United States Shipping Commissioner and he explains to the men the agreement and the man signs the shipping articles. Then, when it comes to pay him off, we are not permitted to pay him,—we take the money and give it to the Shipping Commissioner and the Shipping Commissioner pays him. You see, gentlemen, that the Government comes in between to keep the wicked shipowner from “doing up” the poor man. [Laughter.]

Now, a question that you gentlemen have often asked yourselves is this: What difference does it make to us whether we ship our goods in a foreign or American ship, provided the rate of freight is the same. It shouldn't make any difference. But I will tell you where the difference comes in. Take a shipowner running a ship from an American port; he is the best drummer of trade you can get, because, as I have explained to you, he will go to all extremes to get cargoes to bring ships back to his own port, and to try

and help the commerce of his port. But, if I were living in London or Liverpool, do you think I would be pulling for this United States? Not at all. But because I live in this country I am a drummer for the trade of this country and I try to keep my ships going. As an illustration, I cited a case where we sent a ship clear around the world to get back to our own country. That is the great advantage of having our own ships.

Another thing. If a ship is to come back in ballast, you gentlemen are going to pay just about double for the freight going outwards. The return cargo will cut your freight pretty nearly in two.

Now, the Emergency Act was about the only thing that was passed by Congress that amounted to anything at all in the way of helping American shipping, and that was drafted by the committee of this organization. But the ink had hardly gotten dry on the President's signature, when down came the La Follette Bill, which practically crushed us out of existence. I have not time to go into the La Follette Bill; it would take a half hour to tell you about it, and you would be tickled to death with the explanation, if I only had time to give it. [Laughter.] That was by way of helping the American Merchant Marine over the left.

Now, I am going to read these figures of the Department of Commerce report of last May,—just try and keep them in your mind.

Before the war the American tonnage on the Pacific Coast was 26.10% of the whole tonnage. In May, 1916, after that beneficial La Follette Bill had gotten in its deadly work, it was 1.97 per cent. Shall I read those over? Before the war, 26.10 per cent, and after, 1.97 per cent, after—you know what. [Laughter.]

Then, the British tonnage before the war was 29.38 and now, in May, it was 37.09.

The German tonnage was 18.47, and of course that was wiped out.

Then, Japan. I want you to take particular notice of this, gentlemen, and take it home with you, if you will just make note of it. Japan, before the war, did 26.05 per cent of the Pacific trade, and in May last, 50.90 per cent. That is the effect of the Seamen's Bill. You will notice the Americans were down to 1.97 per cent, and the Japanese run up to 50.90; and if I had the statistics up to the first of January, it would show an increase for the Japanese up to over 60 per cent. It would not show any decrease for the Americans, because we were right down to nothing. [Laughter.]

Then the Dutch came in. Before the war they didn't do anything at all, but since the war they are doing 10 per cent.

Those figures are very significant, taken in connection with the legislation that is going on.

I want to say to you gentlemen that I am not making a political speech at all. The Republicans did their worst to hurt the American Merchant Marine, and the Democrats were only successful because they were better at figuring—they were able to do us up worse than the others. [Laughter and applause.] You see there is no politics in this at all.

Now I will give you just one more illustration. The old Pacific Mail paid no dividends for thirteen years. How would you like it? [Laughter.] Thirteen years between drinks. Think of it! Then the Seamen's Act came down on them, and if they had stayed in the business they would have had to pay out \$600,000 more a year.

Now, the Seamen's Act provides that at every port a sailor gets to he can demand and receive half of his wages. Some of you don't know what sailors do when they get their money, but I do. They got over to Honolulu in a ship of the new Pacific mail and got half their wages and they all went up-town. I don't know what they did up-town, but they forgot to come back; and when the captain was ready to start the crew were not ready and they stayed there a day waiting on them. They got into Yokohama, and the same thing was repeated, only they brought the whiskey to the ship. The company gave a banquet to the Japanese gentlemen to show them the new American ship. The waiters had a free-for-all fight right there in the midst of the guests and broke up the furniture and broke each other's heads. Then they got to Kobe, and the dose was repeated again; but they couldn't stand it any longer and sent to China for a Chinese crew and sent the American crew home as passengers, and they are running with Chinese crews now. Do you blame them?

The Japanese, I will just say, are increasing their trade to South America. Their trade to South America in the past year has increased about 50 per cent.

There is just one thing more and that is this: With these abnormally high freight rates where shipowners are making money as never before, the Americans are out of it and the other nations are in it. Japan has increased her wealth so much,—her balance of trade was just about even, but shipping has increased her wealth so much that every steamer leaving San Francisco practically has

from a million to two millions of gold—the balance of trade being very much in her favor—the result of Americans not having a merchant marine. Gentlemen, I thank you. [Prolonged applause.]

Gentlemen, I will have to ask the Chairman to call you to order.

PRESIDENT JOHNSON: Gentlemen, I sympathize with you, because when I hear Captain Dollar talk, I never want him to stop.

THE NORTH PACIFIC COAST, NEWEST GREAT AMERICAN CENTER OF FOREIGN TRADE

BY

TEEL WILLIAMS,

Contracting Freight Agent, Missouri Pacific Railway and Official Representative, J. F. Duthie & Co., Seattle, Wash.

The newest, least known, but fourth greatest among United States Customs Divisions, is the Washington District, comprising the ports of Puget Sound, Grays Harbor and Seattle, and forming a gateway to a vast, almost virgin, field for American products, a territory containing more than two-thirds of the population of the entire world. Through this district there moved in 1916 a wide diversity of American manufactures, ranging from cannon to sheet music, and totaling \$200,591,258 in value; while the teas, spices and silks of the Far East and the nitrate of South America, to a value of \$161,779,832, flowed over the docks of Pacific Northwest ports in return, making a grand total of \$362,378,090, a business of nearly a million dollars per day with the hitherto comparatively small customers of the United States; i. e., Siberia, China, Japan, Korea, India, Australia, Canada, Bolivia, Chile, Ecuador, Peru, Java and miscellaneous islands of the Pacific.

In view of this record and the comparative newness of this port as a center of foreign trade of magnitude, it is not amiss to preface further remarks with a brief review of transportation facilities that made such a record possible.

With all local Puget Sound service, a total of sixty-four steamship lines operate from the port of Seattle, including six distinct services to the Orient, five to British Columbia, three to Siberia, one to the West Coast of South America, and in normal times various lines through the Panama Canal to the East Coast of South America, Europe, Boston and New York, in addition to a huge but irregular tramp service.

Four transcontinental rail lines, the Great Northern, Northern

Pacific, Chicago, Milwaukee & St. Paul, and Union Pacific Railways, enter Seattle over their own right-of-ways; the Chicago, Burlington & Quincy, Southern Pacific, Canadian Pacific, Chicago & Northwestern and Missouri Pacific operate to Seattle over leased rails, and one transcontinental carrier, the Grand Trunk Pacific, makes Seattle a terminal with steamship service.

Thus it is readily seen that there are sufficient transportation facilities to exceed even the foreign trade record of the Washington District. But the question arises whether the business will continue in present, less or greater volume at the end of the war. Such men as Samuel Hill, the noted good roads enthusiast adviser to the Russian Czar in the construction of the Transiberian Railroad, and foreign trade expert, and of R. M. Calkins, traffic manager of the Chicago, Milwaukee & St. Paul Railroad, who recently made an exhaustive study of the Far Eastern market, express themselves confident that this business will not only continue, but will increase until Russia and the Orient will be the world's greatest market for American products. * * *

But this is also a foregone conclusion, that American business men must study these eastern markets, familiarizing themselves with and adapting their products to the peculiar demands of each country, and establishing sound credit. Mr. Hill, who is constantly preaching the gospel of more study of Russian needs, has established a chair for the study of the Russian language at the University of Washington to promote increased familiarity with and to train young men for places in the developing of future trade with the Russias. The China Club, an organization of North Pacific Coast business men, is further evidence of this tendency to study the Eastern field.

However, it is not only as the gateway to the Far East that the Pacific Coast is important in the foreign trade development of the United States, for the Pacific Coast to-day is the birthplace of more deep sea tonnage for world commerce than any other section in the country and perhaps in the world. The great Union Works of San Francisco have builded or contracted for nearly 100,000 tons in merchant vessels in the past sixteen months, while Seattle ranks second among shipbuilding centers of the United States, with a total gross tonnage builded or under contract of more than 300,000 tons, which is surpassed only by the Delaware district.

DIFFICULTIES CONFRONTING SHIPBUILDERS ON PACIFIC COAST

The unusual feature of the astounding growth of this industry is the fact that much of the building materials must be hauled to the Pacific Coast from across the continent. Tremendous obstacles were overcome in the establishment of the new shipbuilding plants of the North Pacific Coast, which may better be understood when it is known that from 72 to 75 per cent of the materials entering the construction of the average merchant vessel come from the Pittsburgh territory. Incidentally, Mr. William Pigott, vice-president of the Pacific Coast Steel Company of San Francisco and Seattle, and member of the Foreign Trade Council, was largely responsible for the growth of the steel shipbuilding industry in the Northwest, through the confidence in the venture that he engendered in the higher officials of the great steel corporations.

Those familiar with the market in steel, transcontinental rates, and the difficulty in securing deliveries, even after turned over to the rail carriers by the mills, will be further amazed at the growth of the industry on the Pacific. Since July 1, 1916, a rate of 85 cents had been in operation; and previous to that, through the combination of commodity rates from Pittsburgh District to Chicago, and Chicago to the Northwest, a 63 cent rate had been secured. This was little used, however, as the Panama Canal at that time was making water rates on iron and steel to the Pacific Coast of from 25 cents to 40 cents per 100 pounds.

Steel prices have gone out of sight and the unfortunate Pacific Coast yard, not protected by contract, has a serious problem to secure steel at any price at all. The mills are, in some instances, sixty days behind in their deliveries on six months' old contracts. I can cite one instance of very recent date, where a premium of one cent and a half, over the four cent per pound rate was offered for seven months' delivery in Seattle, on uninspected steel plates of ship dimensions, and with the premium the best delivery that could be secured was the first quarter of 1918. Tool steel is practically impossible to get under twelve months, and brass and copper are hardly available at all.

However, the new shipbuilders have gone into business with their eyes wide open, and while making considerable plant investment, have actually had in view the junking of their plants, if it should prove necessary, at the conclusion of the present war boom building program.

The country cannot afford to allow these new yards to be junked. They should remain as permanent institutions and vitally important factors in our country's program of preparedness. They did not come into being as such, true, nor do they now exist because of the contracts placed with them for the strengthening of our navy or the rehabilitation of the American Merchant marine. On the contrary, with the exception of a few American oil tankers, and an odd merchantman or two, the shipyards of the Pacific Coast are almost entirely engaged in building for Norwegian capitalists. Capt. Robert Dollar stated a year ago that there were only forty cargo boats building at American yards. To-day there are more than that number building on the Pacific Coast, and Seattle yards alone have contracts totalling approximately \$38,375,000. In fact, there are more vessels on the Pacific Coast building for Norwegian capital than the entire appropriation of \$30,000,000 for a government owned merchant marine could buy.

The present building of foreign nations will keep our yards running at capacity for at least another year, and in view of this fact, it is patent that the United States will need all of her yards of both the Atlantic and Pacific Coasts running night and day for a period of years to even catch up with the merchant marines of smaller neutral nations.

The restoration of confidence of American capital in the business of shipping under the American flag is the only thing that will permanently retain the new yards. When we have established a sound and stable national shipping policy that will allow the American ship to operate on an equality with vessels of foreign nations, when our shipping laws have been readjusted along sensible lines, and fanatical and ruinous measures such as the Seamen's Bill, effaced from our statute books, then there will automatically start a program of true American shipbuilding in American yards that will even exceed that of foreign nations in yards of the United States to-day.

PRESIDENT JOHNSON: The next address on the program is "The Present Position and Future Prospect of American Shipbuilding," by Mr. J. W. Powell, President of the Fore River Shipbuilding Company, of Quincy, Mass. Mr. Powell was formerly United States Naval Instructor, and is abundantly well qualified to speak on this subject.

THE PRESENT POSITION AND PROSPECTS OF AMERICAN SHIPBUILDING

BY

J. W. POWELL

President, Fore River Shipbuilding Corporation, Quincy, Mass.

It is a pleasure to address this distinguished gathering on a subject so near my heart as that upon which the National Foreign Trade Council has requested me to speak to you today, that is, "The Present Position and Prospects of American Shipbuilding."

For twenty-four years since the beginning of my technical training this subject has held a romantic interest for me, and in beginning this address may I outline its conclusion that I am optimistic as to the future of this great industry in this country? Few other industries have experienced rougher going, and while the present offers much encouragement, it is only by making the most of present opportunities and by wise legislation that its present growth can be maintained and its future development assured.

It is unnecessary to burden you with the history of this Nation's rise to the position of the most powerful of shipbuilding and shipping nations, nor its subsequent decline to comparative insignificance. Suffice it to say, that from 1820 to 1830 not less than 92 per cent. of the import and export business of the United States was carried in American vessels, a result primarily achieved through the operation of discriminating duties and tonnage dues.

With the gradual introduction of the "Most Favored Nation" clause in the various commercial treaties, which sounded the death knell of our shipbuilding and shipping industry; with the subsequent introduction of steam for navigating purposes; with the transition from ships of wood, in which this country was supreme, to ships of iron and then of steel, for the construction of which both materials and facilities were then lacking in the United States; and with the abolition of subsidies in the Atlantic trade and the loss of tonnage caused both by transfer and by destruction during the Civil War, the percentage of its commerce borne by ships of this Nation decreased until by 1890 a bare 10 per cent. of our import and export commerce was carried in American ships.

Shipbuilding, needless to state, goes hand in hand with shipping. In the days of our greatness as a shipping nation, the American shipyard ranked above all others, and when our shipping sank

to insignificance its twin industry also reached the low ebb of its history.

Few subjects have received more legislative attention during the last 25 years and none has called forth more ill-advised legislation. It is not amiss to summarize some of the various laws that have been enacted since the beginning of the present century.

LEGISLATION RELATING TO SHIPPING

By the Act of July 1, 1902, Congress opened the Philippines and certain other insular possessions to the shipping of the world, instead of considering the sea voyage between this country and our island possessions as covered by the laws governing the coasting trade, which apply in the case of trade to Porto Rico and Hawaii. The immediate result was to throw the trade between these possessions and the United States into the hands of foreign nations.

In 1902 Senator Gallinger's commission completed a most comprehensive study of the shipping and shipbuilding industry and submitted to Congress a report that is an authority to this day. For the next ten years there was scarcely a Congress in which the attempt was not made to build up American shipping and shipbuilding by means of subsidies. The platform of both political parties called for legislation to produce this result and at various times each of the Houses of Congress actually approved such legislation, but because of the strenuous Democratic opposition, assisted by certain Middle Western Republicans, these laws were never finally enacted.

Toward the end of President Taft's administration, the opponents of subsidy had become so strong as to be able to carry on an offensive campaign for free ships. The Panama Canal Act, passed August 24, 1912, admitted to American registry foreign built ships less than five years old for foreign trade when owned by citizens or corporations whose managing officers were citizens and permitted such vessels to draw subsidies under the Act of 1891. Shipbuilding material was also admitted free by this same Act as a sop to American shipbuilders. It also provided that no Panama Canal tolls should be charged on vessels engaged in the coasting trade of the United States.

Two months before this Act, the Act of June 19, 1912, had established by law an eight hour work day for all contracts for the construction of vessels for the United States Navy. The imme-

diante result of this Act was to place several of the large shipyards on an eight hour basis, which today is the accepted work-day in this industry in many of the largest yards in this country.

In the Underwood Tariff Bill, enacted October 3, 1913, a provision was inserted allowing 5 per cent. discount on all duties imposed by the Act on Goods imported in vessels of American registry, coupled with the provision that this was not to abrogate or impair any treaty between the United States and any foreign power. This provision, which might have been of some benefit if liberally interpreted, is still in the courts and to date no duty drawback has been received by any American importer.

Just before the outbreak of the War, the Act of June 15, 1914, repealed the provision for free tolls for coastwise vessels using the Panama Canal. This Act was passed on the plea of the President that, for reasons not to be disclosed, the action by Congress was necessary to the foreign policy of the United States.

Immediately after the outbreak of the War, the Act of August 18, 1914, repealed the provision of the original Panama Canal Act, requiring foreign built vessels to be less than five years old to obtain American registry, so that today any vessel regardless of her age is entitled to register for the foreign trade. This Act also permitted the President to suspend requirements as to citizenship of officers, survey and inspection and measurement of foreign built vessels for such time as he should see fit, with the result that the foreign built vessel applying for American registry is today actually better off than the American built vessel under the laws of this country.

The Act of February 25, 1915, permitted the admission of American registry and enrollment for the Coast trade of wrecks on the coast of the United States or its possessions or in any adjacent waters which might be repaired in the United States, provided the cost of repairs was three times their appraised value, thus breaking down the barriers that up to that time protected the coasting shipping of this country to vessels built in American yards.

The Act of March 4, 1915, known as the LaFollette Bill, legislated for the operation of vessels, greatly increasing the difficulty and expense of operating under the American flag.

SHIPPING BILL OF 1916

The Act of September 7, 1916, known as the Shipping Bill, created a Shipping Board, appropriated \$50,000,000, which is avail-

able for the Government's use to undertake the establishment of lines of shipping and conferred on this Board powers that may, in general, be described as parallel to those of the Interstate Commerce Commission.

It would be hard for a student of politics to find more ill-assorted or badly advised legislation to achieve a given end than that briefly summarized above. The results have been negatively or positively harmful and precious years have been frittered away, so that today, in its time of need, this country finds itself faced by a shortage of shipping that is placing a burden on our commerce, due to excessive freight rates, that is appreciated by a very small proportion of the population. When an 8560-ton ship fresh from the builder's hands at a purchase price of \$650,000 can command a freight of almost \$100,000 a month, the consumer is paying a tax for the unwisdom of past legislation that speaks for itself.

That considerable strides have been made in shipbuilding and shipping in this country since the outbreak of the European War is a matter of common knowledge, but this growth is not so great as is usually supposed. A brief summary of statistics is interesting as showing the results that have actually been achieved. For most of the following I am indebted to Mr. Stevenson Taylor, President of the Society of Naval Architects and Marine Engineers.

SHIPBUILDING SINCE THE OUTBREAK OF THE WAR

The shipyards of the world in 1909 produced 1,600,000 gross tons of shipping, and in 1913, 3,330,000 tons, these figures representing the low and the high annual productions. A fair average for the last five years may be taken as 2,740,000 gross tons. Of this the United States produced $9\frac{1}{4}$ per cent., including its Great Lakes shipping, the United Kingdom 60 per cent., Germany 12 per cent., and all other countries $18\frac{3}{4}$ per cent. This gives the United States a five-year average of about 250,000 tons, not including river craft, but including vessels building on the Great Lakes. On June 30, 1913, the world's tonnage of merchant vessels amounted to 49,262,000 tons, of which the United Kingdom owned $43\frac{1}{2}$ per cent., the United States 12 per cent., Germany 10 per cent., and all other nations $34\frac{1}{2}$ per cent. Mr. Taylor has combined the maximum gross tonnage of merchant vessels launched by each nation in any one of the years from 1899 to 1915, to show a maximum shipbuilding capacity for the world of 3,685,000 tons. Of this the United Kingdom's output amounts to 54 per cent., the

United States, including the Great Lakes, 14.6 per cent., Germany 12.4 per cent., and all other countries 19 per cent.

Since the outbreak of the war the United Kingdom's output of merchant vessels has been only one-third of its average for the previous five-year period. The reports for 1916 give for the United Kingdom 619,000 tons and for all other nations, 1,335,000 tons, of which the United States is credited with 520,000 tons, so that for this year the percentage of the world's tonnage produced in the United States has risen from $9\frac{1}{2}$ per cent. for the five-year average preceding the war, to 26.6 per cent. The total tonnage produced has increased from an average of 253,000 tons for the five-year average to 520,000 tons as given above.

The following table, showing the production of tonnage by countries, is taken from the annual Shipping Supplement of the *Glasgow Herald*:

	1916.		1915.	
	Vessels.	Tons.	Vessels.	Tons.
United Kingdom	610	620,000	600	680,000
United States	178	554,810	127	270,124
Japan	250	246,234	127	98,213
Holland	300	211,693	390	217,592
Germany	20	81,950	46	179,804
Italy	30	60,472	4	20,230
Norway	70	44,902	86	61,477
Sweden	35	40,090	33	25,927
France	10	39,457	32	41,438
Denmark	30	37,150	40	51,361
Spain	10	11,171	7	14,306
China	38	7,862	50	8,073
Russia	..		13	792
	1,481	1,955,791	1,555	1,669,337

It will be noted that, in spite of the feverish activity of shipyards all over the world, the net increased tonnage production for the year 1916, as compared with 1915, was less than 300,000 tons.

Nineteen hundred and sixteen, therefore, saw inconsiderable progress in the tonnage production over the average of the previous year, while during this same period the loss of merchant tonnage has been stupendous. That 5,000,000 tons will actually cover the war loss few of those in position to be best informed will believe.

From mine, torpedo and surface raiders and from perils of the sea a huge daily wastage of tonnage has resulted so that, far from the normal increase that may be expected from year to year, there has been an abnormal decrease and, if the war were to end, it is doubted whether 40,000,000 tons of merchant shipping would be available for the world's trade.

Today the shipyards of all neutral nations are working to capacity. In our own country on January 1, 1917, there were 403 vessels of 1,495,000 gross tons under contract, and it is possible that the year 1917 may show for the first time in our history a tonnage production of over 1,000,000 gross tons of shipping. With high freight rates and tonnage shortage an enormous volume of business has been offered to American shipyards, and new yards have sprung into existence on all of our sea coasts.

TRANSFER OF REGISTRY

Under the Government's act admitting foreign vessels to American registry for the foreign trade up to September 26 last, 1906 foreign built vessels of nearly 650,000 tons have been admitted to American registry, but during the same period 281 American built vessels of 150,000 tons were sold abroad, leaving a balance of 490,000 tons as the net increase to the American Merchant Marine from this source, or less than the tonnage constructed during the past year. Practically all foreign countries have today forbidden the transfer of vessels to foreign flags. In England the building of merchant vessels for foreigners is forbidden by law until the end of a period of two years after the close of the present war. The net result is that foreign ship owners have been driven to the United States as their principal market, so that today of the nearly 1,500,000 tons of shipping here on order over one-third is for foreign account. So far as our own Merchant Marine is concerned, it is, therefore, unlikely that the year will see an increase of over 750,000 gross tons.

Mr. Stevenson Taylor has figured, allowing for the probable production and destruction, a total deficit in the world's tonnage at the end of 1918 of 6,500,000 tons. It is my belief that this deficit will be much nearer 10,000,000 tons and that at maximum capacity the shipyards of the world will hardly be able to meet the probable requirements for a period of at least three years after that date. It, therefore, appears probable that the next five years will show a continuation of the growth of our shipbuilding industry and, while high freight rates remain a lesser but corresponding growth in the shipping under our flag.

At the present time shortage of labor and of shipbuilding material are controlling factors and the growth of the production of ships is in the ultimate dependent on the training of skilled shipbuilding labor. The actual increase in American shipping will be

controlled for some time to come by these factors and production will only be considerably increased by the careful training of artisans and the cooperation by manufacturers of shipbuilding material and builders to serve this important industry.

NATIONAL NAVAL PREPAREDNESS

In considering the growth and future development of American shipbuilding, it is impossible to ignore the position of most of the older shipbuilding companies in connection with the movement for National Naval Preparedness. The larger yards on the Eastern coast have today given up about three-fourths of their capacity to naval contracts and these yards that have been engaged in Government business stand ready to work to the limit of their facilities in producing vessels for the Navy's requirements. It is in the face of this fact that Congress has been asked to appropriate \$12,000,000 in addition to the \$8,000,000 appropriated a year ago to fit out a number of navy yards for the construction of capital naval ships. This legislation will probably shortly become a law, with a result that we shall see the National Government embarked on a shipbuilding venture running into hundreds of millions of dollars. The labor for this work can only be drawn from private yards and will primarily come from those yards at present building Government vessels. In addition to the hampering weight of Governmental red tape and inefficiency the productivity of all the labor so diverted will be further decreased by an amount equivalent to the 30 days' annual leave granted every employee in navy yards.

The Secretary of the Navy has stated to the Naval Committee that he desires navy yards to be equipped to build one-third of the vessels required for the Navy, working labor a single shift of eight hours, and then proceeds to call for equipment for navy yards that would provide for the construction of a continuous program as large as that upon which the Government has now embarked. It is significant that never since the battleship *Connecticut* was begun at the New York Navy Yard, in 1902, has that yard been without a battleship under construction. Some years only a single battleship has been included in the Naval Appropriation Bill, but always Congress has taken care of its own, and the country at large should take pause and consider the effect of a half dozen arsenals fitted out to carry on this work. It is my belief that this can only result in the creation of a powerful political lobby to carry on the campaign for naval preparedness, whether

or not the present need therefor may continue. It is more than possible, even probable, that, with this large increase in naval shipbuilding facilities and following the completion of the naval program, great pressure will be brought to bear to expend the \$50,000,000 appropriated for the use of the Shipping Board in the building of merchant ships in Government yards, and the stupendous proportions to which this phase of Government ownership and operation may develop require the most careful public consideration.

I am very frankly opposed to this policy. Certain shipyards have offered to build vessels of this naval program on a basis of cost and percentage, both overhead charges and profit to be determined by the Federal Trade Commission, and our Parent Company has also offered to build in competition with the navy yards and at their price, under the supervision of public accountants, with a view to disclosing to the public the utter extravagances and wicked wastefulness of this proposed Government expenditure. It is a fact that it is impossible to tell and nobody today knows what is the cost of building a ship at a Government yard. Through a system of bookkeeping that is little less than wilfully deceitful figures are turned in as representing costs that have but vague resemblance to the expenditures actually entailed in warship construction, but the taxpayer pays the balance of the bills, and so long as he does not know what the balance is this unwise expenditure can be expected to continue.

Shipping and shipbuilding are so intimately connected that consideration of the future of one necessitates the similar consideration of the other. In the past these two industries have been dependent on Great Britain for marine insurance and for the classification, which is a prerequisite for this insurance. For the industry really to take its proper place it has been essential that it achieve independence in these respects. The year 1916 has seen large strides in both of these directions. American insurance companies have become interested in marine insurance to a far greater extent than in the past and today it is possible to write policies with American companies running into seven figures, both for builders and for marine insurance. The rehabilitation of the American Bureau of Shipping, a purely American organization for the classification of vessels, has marked a further step in advance. It is now possible for the American shipbuilder and ship owner to deal with those novel problems that continually arise in this intricate engi-

neering science first hand, with experienced principals, thus eliminating the mortifying necessity of referring such questions for settlement abroad.

UNITED STATES SHIPPING BOARD

By far the most important event in the development of our Merchant Marine that has occurred in recent years is the appointment by Act of Congress of a United States Shipping Board, thus marking a radical change in our previous policy with regard to American Shipping. While shipping has always come in for a considerable amount of attention at the hands of certain departments of the Government, it is thus for the first time elevated to a position of prime importance. As time goes on, and as the powers of this Board are enlarged, and as its experience increases, there is every reason to expect it to exercise the same dominating influence in the shipping industry that the Interstate Commerce Commission has achieved in matters affecting railroad transportation. For the first time in our history there will be a tribunal important in the eyes of the public and before the National Government that is capable of representing the twin industries of shipbuilding and shipping.

The future of these industries will be dominated by the policy and personnel of this Shipping Board. A considerable growth and a maximum of activity are assured for a period of perhaps five years to come, but the real test of our development will be met when tonnage requirements have caught up in some measure to the world demand.

INCREASE IN AMERICAN WAGES

It is conservative to state that the last twelve months have seen an increase of 25 per cent. in the wages paid in American shipyards. The same twelve months have likewise seen a very considerable decrease in the efficiency of the workmen, due to the fact that the small number of skilled workers have been spread out over a much larger number of shipbuilding establishments. Since the beginning of the war the average cost of material entering into the construction of ships has increased from 50 to 300 per cent., so that today the cost of construction in American shipyards is not far from double what it was at the outbreak of the war. So far as material is concerned, what difference exists today between the cost in the United States and abroad is probably in

favor of this country, but on the score of labor costs and efficiency it is probable that American yards are further behind than at the outbreak of the war. Full investigations carried out some three years ago show that, at that time, average wages in shipbuilding in Great Britain were 50 per cent. less and the net output per wage earner was 14 per cent. more than in the American shipyards. When peace returns it is impossible to suppose that our industry, with its much higher wages, will be able to compete any more successfully than it did before the war with the principal foreign shipbuilding countries, and it is my belief that remedial legislation must be enacted to equalize this difference if the country is to maintain and render more secure the position that it may hope to achieve in the next five years.

But the cost of building is only one phase of this important subject. The cost of operation under the American flag is immensely more than under foreign flags and it is conservative to say that 40 per cent. is not too high to figure this average excess. Starting with the British and working down the scale to the Japanese, this difference is so great that the best designed and best built American ship, if relieved of all costs for insurance, interest on investment and depreciation would not, under normal conditions, survive under competition with vessels flying foreign flags. That this condition will again be true when the world has returned to days of peace cannot be doubted, and it is my belief that unless steps are taken to counteract this difference a large percentage of the tonnage being built for the American flag will eventually pass under the flags of other nations.

Shipbuilding and shipping are, like the steel business, businesses of great extremes. The present enormous boom which promises to last for a considerable period will be succeeded by an equally severe depression, and the time for the study of this situation and the application of the laws that will minimize the effect of the slump and that will permit the continuing of our progress, is the present.

The selection of any particular method for achieving this result is less important than the selection of some definite method. Given this point settled, there remains the permanent practical problem of its application to equalize the cost of building and operating American vessels as compared with the foreign competitors. Whether this be done by direct subsidy, by mail subvention, by discriminating duties by tonnage, taxes or by any other means,

it must be clearly recognized that it is only by overcoming the difference in construction and operation costs in this country and abroad that this industry can achieve and hold its proper place, and if the American people decide that they need an American built and American owned and operated merchant marine, they must face this payment as the price exacted of them by the conditions under which we live. We cannot hope to surround our shipping with all sorts of restricted legislation and still operate our ships on the basis of foreign costs. We cannot hope to build our ships in this labor market with its American standard of wages in competition with the cheaper wages on the other side. In spite of the huge amounts of modern capital that has gone into the American shipbuilding plants in the last three years, which has placed them in the van in point of equipment in the entire world, this business is too international in its character and our foreign rivals have been too thoroughly waked up by the war to make it more than an idle dream to suppose that any superiority of design or methods of building can overcome the basic disadvantages of our situation, and it is here that the opportunity is waiting to the hand of the Shipping Board. If it can study and solve this problem and can secure the enactment of necessary legislation, our place as a shipbuilding and shipping nation will be secured and this Board will have accomplished results which will give it an enviable place in the future history of our country. And in an honest effort that we know will be made to achieve this end, the Shipping Board may count on the full and hearty support of our industry.

THE CHAIRMAN: We will proceed to the discussion under the five-minute rule of the shipping question. The first paper to be presented in discussion is "Shipping to Latin America." by Mr. A. Eugene Bolles, Manager of the Spanish Edition of the *World's Work Magazine*.

MR. A. EUGENE BOLLES, Manager, Spanish Edition of the *World's Work*, doing business with all of the Latin-American Republics, New York City, representing The Associated Advertising Clubs of the World:

Mr. Chairman and gentlemen: After what has preceded me, I feel that my paper is going to be somewhat of a dry subject, although it deals with ocean transportation,

SHIPPING TO LATIN AMERICA

1916's Progress and 1917's Promise

A Survey made for the information of American Manufacturers

BY

MR. A. EUGENE BOLLES

Manager, Spanish Editor *World's Work*.

Because of the difficulty experienced in shipping goods to Latin America during the early part of 1916, many American firms discontinued attempts to secure Latin American business because of the fear that they would be unable to get their goods into the buyers' hands. So many inquiries came to our office for information regarding the shipping situation that we have made this survey in the hope and belief that sufficient facts could be assembled to give satisfactory answers to the questions most frequently asked, viz.:

(1) Have shipping facilities to Latin America improved during 1916?

(2) Is further improvement promised for 1917?

(3) Is a reduction of freight rates likely during 1917?

To secure this information a canvass has been made of every port from Boston to Seattle, every steamship company with lines to Latin American ports, the various Federal Departments dealing with such matters, a number of large shippers, the marine periodicals, and several other organizations in more or less close touch with the situation.

WHAT THE PORTS ARE DOING

NEW YORK. A canvass of seventeen steamship companies running on regular schedule to Central and South America and the West Indies brought out in all cases the claim that they were handling all offerings of freight billed to ports regularly reached and that they were ready to increase their tonnage as soon as the demand would warrant it.

Only two companies reported additions to tonnage during the past year, but nine have arranged to restore former service or to add new boats to the number of thirty-one or more during 1917. Of the latter, four freight and passenger boats of 8,000 to 10,000 tons and two smaller boats will be put on about July 1st by Grace &

Co., to run direct from New York to West Coast ports via the Canal, making the trip to Callao in 11 days, a saving of 7 days over former schedules. Five boats are being built in England for the United Fruit Co., and are to be delivered in the early summer. This company expects to charter several additional boats.

BOSTON's steamship service to Latin America is practically nil, according to the Boston Chamber of Commerce. There are no direct lines, but many arrivals from Argentina, Uruguay and Chile, practically all of these ships going to New York for return cargo.

BALTIMORE promises to make for itself an important place on the map as a port of shipping to Latin America. A \$15,000,000 corporation promoted by local capitalists and fostered by the railroads entering that city, and the city government, will put on a line to South America as soon as equipment can be secured.

CHARLESTON has no direct lines to Latin America, but the Southern Railway is making of it an important port for coal shipments, a number of cargoes having gone from this port during 1916 and it is expected that the business will materially increase during 1917.

MOBILE is planning extensive harbor improvements and the Munson Line running out of this port to West Indies and River Plata ports has been up to capacity much of the time during the past year; has added two boats to the Buenos Aires run, and at times has been compelled to put on extra boats from their tramp fleet. It is expected that the River Plata service will be increased to two boats a month during the present year.

The NEW ORLEANS Association of Commerce has made a canvass of the nine steamship companies running on regular schedule out of New Orleans to Mexico, Central America, and West Indian ports, and reports considerable increase in tonnage during the past year; that all freight is being moved quickly and that ship owners are prepared to add to the number of boats in service as fast as the demand warrants it.

GALVESTON. The Commercial Association reports the re-establishment of one line to Mexican ports during 1916; that they have been handicapped in making further increases because of the scarcity of ships; and that they have very definite plans for extensive steamer service to West Indies and Central America during 1917.

SAN FRANCISCO's trade with Latin America during 1916 showed a large increase according to the Chamber of Commerce, but all shipments were satisfactorily handled.

SEATTLE's service to Latin America has been materially reduced since the war began, there being at present only two lines running direct, one running monthly and one bi-monthly to West Coast ports.

LINES FROM SOUTH AMERICAN PORTS

In order to provide means for transporting their principal products to market, certain South American republics have, by concession, charter, or other methods, aided in the establishment of lines to the United States during 1916. Ecuador, Peru and Brazil have been particularly active in this respect, and it was recently announced that a company with \$12,500,000 capital had been organized in Chile to establish a line of steamers to the United States.

THE GOVERNMENT'S FIGURES

According to Commissioner Chamberlain of the Bureau of Navigation, ship space available for carrying freight to South America has increased during 1916 50% over 1914. The total tonnage of ships cleared during the first ten months of 1914 amounted to 1,700,527 net tons, and during the same months of 1916, 2,516,329 net tons. Foreign tonnage has remained about stationary, the gain being almost wholly in American ships, which in the first period amounted to 171,433 net tons and in the second period to 914,227 tons, an increase of 433%.

The total tonnage of American ships cleared for Argentine during this period of 1916 was nearly 30 times that of the first ten months of 1914; for Chile six times; for Brazil five times; the American tonnage cleared for Venezuela and Colombia doubled; while there were 66,169 net tons cleared for Uruguay against none at all in 1914.

Tonnage of ships for Mexico, Central America and the West Indies increased about 400,000 net tons during the two years, making the total tonnage to all Latin America 7,660,192 in the first ten months of 1914 and 8,840,866 during the same months of 1916.

The total tonnage of ships entered from Latin American ports showed a decrease during this period due to the fact that before the war ships from Europe carried cargoes to Latin American ports, then proceeded in ballast to the United States where they loaded cargoes for Europe, and that since the war this triangular trade has largely disappeared. The total decrease in tonnage amounted to

890,624 net tons, but the tonnage of American ships entered from Latin American ports increased 3,101,967 net tons, or 154%.

There is much in these figures to cheer the heart of the patriotic American who is hoping for the restoration of our merchant marine.

Comparing the first ten months of 1915 with the same months of 1916, an increase of 951,632 net tons clearing for Latin America is shown, of which 933,056 tons were American ships. While the total tonnage of ships entering from Latin America increased 1,098,460, that of American ships increased 1,226,923 net tons, foreign tonnage having decreased about 200,000 net tons.

Two years ago American ships made up 25% of the tonnage cleared for Latin America. Now the Stars and Stripes wave over 58% of it.

ESTIMATES FOR 1917

The Foreign Trade department of the National City Bank estimates that the ships to be added to Latin American trade during 1917 will aggregate 300,000 tons. The information assembled in this survey, confirmed by the opinions of several well posted men, seems to indicate that the National City's figure is too conservative and that the increase will approach close to half a million tons.

Whether the war ends in 1917 or not there is every indication that a large number of boats other than those already mentioned will be added to Latin American service. Many ship owners engaged in European trade are free to admit that the risk of loss is becoming too great for profit, and well posted men look for the early withdrawal of many ships and their transfer to the safer waters of South American commerce. It is, of course, possible that the recent raid in South American waters may change this opinion to some extent, but it is believed that ship owners will still prefer to face the few dangers of South American waters rather than the many risks involved in European trade.

On the other hand, the ending of the war will release over sixteen millions tons of interned or commandeered ships and restore them to the peaceful channels of trade.

THE NEW SHIPPING BOARD

The claim has been made repeatedly that ship owners are waiting to see what the new Federal Shipping Board is going to do, but persistent questioning has brought out the fact that what the new Board will or will not do is a matter of little interest to ship owners,

and the remarkable increase of American ships would seem to confirm this. It is difficult, if not impossible, to find a ship owner in favor of the new law, and there is an increasing sentiment favoring shipping laws modeled after those of Norway, providing for Federal aid in the form of bond issues guaranteed by the government.

THE QUESTION OF RATES

Ship owners, like other humans, go where profits promise best. The big demand for bottoms and the excessive rate of insurance has pushed up the European rate and pulled up the rate to Latin America part way. The present rates to South American ports for a run twice as long as across the Atlantic, are from 20% to 50% lower than the European rates.

Increased competition for South American freight, more boats bidding for business, can have but one perfectly natural result,—lower rates. That such a situation is bound to arise in the early part of 1917 seems reasonable to believe, even if not inevitable. Competition for Latin American freight is increasing now and will continue to increase during 1917 by the addition of the half million tons already planned and the indefinite number of boats driven from European trade by the growing danger of destruction; while if the war would end, the release of one-third of the world's tonnage, now commandeered or interned, will naturally reduce the cost of shipping goods to something like a normal figure. The restoration of pre-war rates can hardly be expected because if hostilities cease in 1917 the world will find itself from six to ten million tons short of the normal tonnage—about 12 to 15 per cent of the total.

Taking the cold facts as they are given in the foregoing, it would seem that only one conclusion is possible, and that is that shippers to Latin America have been through the worst of their troubles and that they can go full speed ahead with their efforts to become solidly established in the countries to the South with the reasonably safe assurance that by the time those efforts result in orders, the goods can be delivered promptly and at a fair cost for shipping.

MR. LOUIS GETZ, President, Getz Brothers & Company, Inc., San Francisco, Cal., exporters food products, transacting business in the Orient, presented the following paper, which, at Mr. Getz's request, was read by Mr. Patchin:

Mr. President, in bringing the subject of a subsidized Merchant Marine to the attention of this convention, I am fully aware that the question of Ship Subsidies has fallen into disesteem in our country, due to the general public having accepted as true the statements of our Political-Publicists that ship subsidies are only advocated by the so-called "big business" interests of our country, by those who are seeking by this method to add to their fortunes.

This attitude of the general public toward ship subsidies is susceptible to being changed by a presentation of the facts. These facts will reveal the ship subsidy to be one of the greatest instruments for the protection of the people of our country from paying exorbitant prices for many of their necessities. This practical benefit is possible of realization.

Let us examine this subject of ship subsidies, where it has been proven most successful, and ascertain the results produced and how they were accomplished.

The Japanese subsidized steamship line that I shall use to illustrate the benefits that are possible to be obtained by the people of this country through the establishment of subsidized steamship lines upon a proper basis, is the Toyo Kisen Kaisha (Imperial Japanese and U. S. Mail Line).

This company operates a fleet of subsidized and chartered vessels to the United States and the west coast of South America. To appreciate the significance and benefit of this service to the people of Japan, you must understand that these vessels, on their return trip to Japan, all call at Honolulu, the distributive point for the Hawaiian Islands, and load cargoes of raw sugar, coffee, pineapples, etc., which are transported to Japan at the low freight rates established by the Japanese Government for their subsidized steamers.

Each outward voyage from Japan, these vessels bring cargoes of Japanese products for North and South America; returning, they carry the raw and manufactured products of those countries, necessary for their existence, the principal items being wheat, sugar, coffee, nitrates, hides, leather, cotton, metals, etc.

How does this benefit the multitudes of Japan? The answer is direct and easily understood, to illustrate which I shall only use the import freight rates fixed by the Japanese Government for the subsidized steamers, and if consideration is given to the great fact that they have never changed since the beginning of the war, the benefit to the Japanese people will be easily apparent.

While all the world has suffered from the high cost of living, the

Japanese coolie has been steadily employed at advancing wages. The increase in his cost of living has been limited to the advance in the cost of his raw products, due to the increased demand, and not to any increase in the cost of ocean transportation.

The significance of this difference will not be fully appreciated unless it is considered conjunctively with the freight rates charged by this company on these same subsidized steamers to the ports of Manila, P. I., Hongkong and Shanghai, China.

The ocean freight tariffs, now enjoyed by the merchants of Japan, from San Francisco to Japanese ports, on the subsidized steamers of this line, is the same tariff that was in effect at the opening of the war. The following list shows the difference between the freight rates charged by this company from San Francisco to Japanese ports, in comparison with the rates charged by them to Chinese ports and the Philippine Islands, on the same subsidized steamers:

	<i>Kobe Yokohama</i>	<i>Hongkong</i>	<i>Shanghai</i>	<i>Manila, P.I.</i>
Beans.....	\$10.00 W	\$20. W/M	\$20. W/M	\$20. W/M
Canned Goods	9.00 W	20. W	20. W	20. W
Cereals	12.00 M	20. W/M	20. W/M	20. W/M
Coffee, green in bags.....	12.50 W	20. W/M	20. W/M	20. W/M
Fish, salted in bxs. or bbls.	9.00 M	20. W/M	20. W/M	20. W/M
Fruit, dried	10.00 M	20. W/M	20. W/M	20. W/M
Lard & lard compound..	10.00 W	25. W	25. W	25. W
Meats in bxs. or bbls.....	10.00 W	20. W/M	20. W/M	20. W/M
Merchandise not other- wise specified	15.00 W/M	20. W/M	20. W/M	20. W/M
Paper and paper articles..	8.00 M	20. W/M	20. W/M	20. W/M
Salt in bbls. or cases.....	8.00 W	20. W	20. W	20. W
Soap & soap p'wd'r in bxs.	6.25 W	20. W	20. W	20. W
Wine in wood.....	10.00 M	20. M	20. M	20. M
Wine in case	12.50 M	20. M	20. M	20. M
Sugar in bbls. or bxs.....	12.50 W	20. W	20. W	20. W

The above rates are for 2,000 lbs. or 40 cubic feet.

Note: The letters "W" and "M" following the rate indicate that the rate is to be weight or measurement. The letters "W/M" indicate that the rate is Weight or Measurement at the Company's option.

A comparison of the rates charged in this tariff reveals the value and strength of ship subsidies. The citizens of Japan pay no higher freight rate for their necessities now than before the war, while the citizens of China and the Philippine Islands pay rates that are 100% higher.

Under this freight tariff the merchants of Japan can purchase our raw cotton and wheat, transport them to their country, employ their people to manufacture them into finished products, supply the latter with their necessities at a reasonable price, and export the

remainder to China, India, Australia and Russia at prices that are non-competitive, owing to the advantage in their favor of practically 100% in freight rates.

This subject is capable of being greatly elaborated and sustained by evidence. It is not my object to formulate arguments for the promotion of ship subsidies, but to present facts upon which an intelligent discussion can be based and conclusions drawn that will be advanced by the Foreign Trade Council in an effort to win the approval of our citizens to this necessary step for the safeguarding of our country and its people.

I believe that a plan for the granting of ship subsidies can be formulated that has provision for supervision by a non-partisan shipping board, similar in power and action to our Interstate Commerce Commission, that will be acceptable to our people when it is understood by them.

MR. H. H. HAINES, Secretary and Traffic Manager of the Galveston, Texas, Commercial Association: I live in the city of Galveston, and because we are near to Latin America we felt it incumbent upon us to devote our energies to the development of trade with Latin America. In that we were successful, and I want to say to you that the man who approaches the business man of Latin America—the American who does that and does it in the proper way—can get the business he goes after. Our humble efforts have resulted in an increase of our business at Galveston with Latin America from three million dollars per year to fifteen millions. Not much for one town, but if all of you will do the same we will have a splendid business in Latin America.

I would not have trespassed upon your time this morning except for a reference in the paper of Mr. Bolles to Galveston. The information he received from Galveston I gave him, and it was correct at the time. You will recall we said that one line had been re-established to Mexican ports. Since that report was made, the ships of that line—which had been ships controlled by Americans—have been chartered for foreign service because it was more profitable. A six month's charter of those two ships in foreign service will net to the owners of those vessels in those months three times the cost of these vessels. How can you expect us to develop the trade with Latin America—600 miles away from us—when we depend upon vessels of foreign register to do the business, when we haven't American ships to do it, and when men are attracted by such tremendous profits and take the ships from us—the only means we have of doing

business? Wouldn't you do the same thing? Of course you would. In ten years—from 1904 to 1914 inclusive—the port of Galveston had a trade balance in favor of the United States of over two billion dollars, and during that period, Mr. Chairman, just one American ship made one trip in that trade. Just one,—the steamship *Kansas*. Every other vessel was a vessel flying a foreign flag and carrying the products of the United States, paying tribute, Captain Dollar, to a foreign government like you know we are all doing to-day. And the war of the Allies, gentlemen, is being fought on American money, largely contributed by you under duress, and you don't know it.

Now, who is to blame for that? You are; you business men of this American country and nobody else. You submit to the sending to Congress of men who are incompetent to fill that position—[applause]—I scared the Chairman, then—[laughter]—he was afraid I was going to talk politics; I am not; I am going to talk business to you. [Applause.] You submit to the sending to Congress of men who are not familiar with those conditions, and when these questions come before those men for discussion, the American business men fail to present the proper facts to them and it is no wonder those men make the mistakes they do and pass the legislation they do. You are the fellows responsible for not getting to them the information they ought to have. Every labor union man goes before Congress and says he can't get his breath in the space provided for him to work, and Congress provides that this must be remedied and you don't say a word about it. I have always been opposed to a ship subsidy, and I was opposed to it because I didn't know anything about it. I was just as ignorant as you are—[laughter]—the clause in the letter which was read from the gentleman from San Francisco in which he implores you to consider that ship subsidy question is, in my mind, one of the best pieces of advice given to you this year. Let us get before Congress the necessities, not only of the laboring men—and they are many—but let us get before Congress the necessities of the business men who must conduct this business, because we cannot conduct it unless we can conduct it in competition with our foreign competitors. [Applause.] It has been my fortune—and I see you have on this program a piece on "Commercial Organization in the Development of Foreign Trade"—it has been my good fortune to be able to make six or eight trips to Latin America. On not one of those trips did I have the pleasure of riding on an American ship. On one of them I had to ship be-

fore the mast as a sailor, and the only means of American transportation I saw on all those trips was an American mule! Every time that mule kicked, it seemed more like home than anything in the tropics. I didn't say that to you in any light vein, gentlemen; I said it to bring home to you the absence of everything American in Central and South America. I appeal to you gentlemen to-day to educate not only your Congressmen, but yourselves, and until you begin to insist upon the proper facilities for the conduct of American business you won't begin to get them. [Applause.]

PRESIDENT JOHNSON: Gentlemen, the morning session is drawing to a close. There are three more speakers whom we will hear and close promptly at or before one o'clock. Mr. E. J. W. Proffitt, President of the Trading Company of North America, has asked to speak for two minutes on the subject of Port Charges.

MR. EDWARD J. W. PROFFITT, Treasurer, The Trading Company of North America, doing business in Cuba, South America, Europe and the Far East:

The manufacturers up in New England have suffered greatly because of the export congestion in New York City, and we fear that the development of a shipping plan, unless some steps are taken to prevent, will tend to increase such congestion; therefore, we urge the Convention and those interested to consider the development of other ports besides that of New York, so that the manufacturers can have more adequate facilities for the storage and shipping of goods.

That development can be brought about through the co-operation of the Department of Foreign Commerce, urging the trans-Atlantic lines to bring about a more adequate distribution of ports of call; and we would like to see the development of the ports of Boston and Portland and Providence and Baltimore, and so on down the Atlantic Coast, so that when your American shipping plan proceeds it will not lack facilities to care for it. I trust and request that you will take this matter under consideration.

PRESIDENT JOHNSON: We will now listen to an address upon the subject of "The Effect of News Upon American Prestige Abroad"; Mr. James Carson, of the Associated Press, representing New York City.

WORLD NEWS AND WORLD TRADE—THE EFFECT OF NEWS ON AMERICAN PRESTIGE ABROAD

BY

JAMES CARSON

of The Associated Press (representing MR. MELVILLE E. STONE,
General Manager, The Associated Press)

I am sure you regret exceedingly the inability of Mr. Stone to be here in person to deliver his address on "World News and World Trade, and the Effect of News on American Prestige Abroad." Business of the utmost urgency, however, has detained him and he has delegated me to speak for him, after explaining to me his ideas on the subject allotted to him by your program committee. As I have just returned from a journey in foreign parts extending over 13,000 miles, where I was sent by Mr. Stone for the purpose of investigating news fields, he also thought I might be able to add something fresh to the already large store of information possessed by you gentlemen.

There may be, and undoubtedly are, many different opinions among you as to what will happen to our foreign trade after the war, but I am sure that you are unanimous in one opinion, and that is that you will have the stiffest fight of your career to hold what you have gained. That being true, it will undoubtedly be of interest to you to hear what a newspaper man has to say about the part news or publicity has to play in aiding you in the struggle to come.

Right here I would like to say that for the purposes of this address I am compelled to use the term "news" in a sense much broader than newspaper practice warrants, for I am making the word a synonym of publicity, which in reality it is not. Some news is publicity, but most publicity is not news, as many an editor has occasion to say when he aims for the waste basket, but, gentlemen, your European competitors have inaugurated one of the cleverest press campaigns in the history of trade and are using publicity in the guise of news throughout a large area in an effort to discredit American merchants and take from them the trade which the accident of war has thrown on them.

There is a good deal of gunpowder in that last sentence and I thought it out carefully before I framed it. If it is true that your rivals are deliberately trying to discredit you with a large number of your foreign customers, I am sure that you would like to know

how they are doing it, and what is your remedy in offsetting the effects of their efforts. I must produce evidence that such a plan exists on the part of your trade enemies and then indicate a plan for combating the same if I am to convince you of what I believe to be a most important factor in any foreign trade campaign, and that is, that to hold the ground we have gained in trade abroad it is vital to maintain our prestige.

What determines our prestige abroad? Undoubtedly, largely the articles which appear in the foreign press. It is right here that world news and world trade join forces. Where is this foreign press, and how can it be made to help the American business man? Just as you are all agreed that there will be "a war after the war," so perhaps you will be in accord as to the probable location of the battlefields. They will be in Russia, China, South Africa and South America. It is not likely that Europe, herself, will offer a great market for our manufactured products for any length of time after peace has been declared because the wounds produced by the greatest war of all times will have impaired the purchasing power of the combatants for years to come. Nor is it likely that our home markets will be flooded by the products of the disciplined millions of the disbanded armies. Reasons of contiguous territory will give our European rivals a handicap in Russia, and awakened England will take care of South Africa, while Japan will increase the lead she has already gained in China.

It is in South America that the first strenuous campaign will be waged. There Americans will be comparatively well entrenched, thanks to the distractions caused their rivals by the great war, but the war has thoroughly awakened England and made her efficient as never before. Germany, hungry for the trade she has lost, will be there with the desperate resolve to regain the dominancy she once exercised. France, too, sharpened by her recent great trial, will exert herself to regain once more her place as the mother of all Latin-America.

As an evidence of what these three rivals think of the power of publicity as an ally in the coming trade war, I may say that in a recent journey to the important countries of South America, where I visited many newspaper offices, governmental departments and foreign and American Chambers of Commerce, I saw too many evidences of a concerted plan to discredit Americans to attribute the same to accident or coincidence. From what I could divine it seemed to me that it was the purpose of our European trade rivals to play

upon the fears and prejudices of the Latin-Americans by continually having inserted in the vernacular press articles on the North American peril, by misinterpreting the Monroe doctrine, by playing up news stories of our ill treatment of the colored population of the United States, and in a dozen other ways endeavoring to discredit Americans by a skillful system of indirect publicity through the news columns.

We have done nothing to offset this and it is having its effect. During my stay in Rio de Janeiro one of these stories appeared in the *Jornal d8 Comercio*, one of the most important newspapers in Brazil and a leader in South American journalism. It treated of the Monroe doctrine, attributing the instrument to the English statesman, Canning, and pointing out that in its present shape the historic doctrine was the false and distorted product of American jingoism. The article cited a dinner given by Secretary of State Seward, in which the Secretary was made to say in an after-dinner speech that the South American continent was shaped like a ham, which reminded him that Uncle Sam was fond of pork. Had we a proper plan of publicity working it would have been easy to convince any doubting South American of the immense aid the Monroe doctrine had been to the republics south of Panama.

We have heard a great deal about the German peril in South America, but the peril we have got to face in the future in that market is English. The Britisher means to fight to regain his lost trade in those parts, and, in the matter of publicity, if there is no hitting below the belt it will be because that article of wearing apparel has slipped down considerably. There isn't a single American newspaper in all of South America. There ought to be. There are two old established English dailies in Buenos Aires, which, from a perusal of their columns, have highly fantastic ideas as to America and American business men. In the English weeklies, on both the east and west coasts, no evidences of cousinly love are seen when treating of things American.

IMPORTANCE OF NATIVE PRESS

But it is the native press that really matters, and it is in the columns of these journals that the English, Germans and French make their most telling efforts, and the ground has long been prepared for them by American indifference, historical events and diplomatic blunders. Indirectly, through propaganda, they continually play upon the imperialistic designs of the United States. I

believe that we should not dismiss too impatiently this fear on the part of the South Americans. Despite the fair words, and, as we know, the honest intentions of our government, a turning back of the pages of last century's history puts us on the defensive.

Run through these pages hurriedly and see if the ghost of what is called "Manifest Destiny" has not been repeatedly pointing its bony fingers and sometimes grasping parts of Latin-America. This is the story told: 1813—Louisiana acquired after Aaron Burr and others had decided to take it in the event of Napoleon or Spain refusing to sell; 1819—we buy Florida, after secretly occupying the territory with our military forces; 1845—we allow Texas to annex herself to us; 1848—we take by conquest the immense territory then known as California; 1867—President Johnson advocates the annexation of Cuba in the name of the laws of political gravitation, which throw small states into the gullets of the great powers; 1870—President Grant demands the seizure of Santo Domingo as a measure of national protection, a new corollary of the Monroe doctrine; 1895—Secretary of State Olney, at the time of the trouble between England and Venezuela, declares that the United States is, in fact, sovereign in the Western hemisphere; 1896—we obtain one of the Samoan Islands; 1898—we annex Porto Rico and Hawaii, take the Philippines, Guam, and one of the Marianne Islands; 1903—we acquire the Canal Zone; 1917—we purchase the Danish West Indies. All of this territory, with two small exceptions, is Latin in language, tradition and religion. When we consider that a hundred years, historically speaking, is but a day, is this record imperialistic or anti-imperialistic?

This persistent, ever present fear in the minds of the Latin-Americans as to the intentions of the great northern republic must be eradicated, absolutely uprooted, if we are to gain what every merchant recognizes as a first essential in the proper relationship between buyer and seller, namely, goodwill. Not only must their minds be disabused of the imperialistic bogey, but it is also most necessary that they know the American business man as he really is, not as he is painted by some English, German and French writers who delight to caricature him as a dollar-chasing sharper seeking victims, one who unloads upon South America what he cannot dispose of at home.

It is the business of news propaganda to impress upon the minds of the Latin-Americans through the columns of their press that the highest type we have in the United States to-day is the man who

belongs to the new school of business, he who is coming to observe a code of business ethics as strict as that prevailing in any of the professions, who seeks permanent customers, not victims, who prizes justice above gain. Publicity must expose the doctrines of such German authors as Professor Johannes Unold, Friedrich Lang and Josef Ludwig Reimer, who have repeatedly told the South Americans that the United States is their natural enemy, who will not only exact commercial concessions from them, but territorial concessions, and even the relinquishment of their nationality; that to save themselves from Yankee greed, trickery and imperialism the South American republics would better accept a German alliance or the aid of Japanese arms.

THE EFFECT OF NEWS ON AMERICAN PRESTIGE ABROAD

You will have noted that the title to this address was divided, the latter part reading, "The Effects of News on American Prestige Abroad." I think I have shown you, by the German and British authors quoted, that unless combated, misleading news can absolutely destroy the prestige of a people abroad. America is being criticised in foreign parts to-day with words, not only of bitterness, but of scorn. It is alleged that we think only of our material comfort and convenience, and that all of our thoughts range on the level of things that can be measured in dollars and cents. It is not sufficient that we know these things to be untrue; we must convince those who hold the opinion, of it.

So, it seems to me, the problem from the news angle is largely psychological; we must, through skillful propaganda change a hostile public opinion into a favorable one. The Associated Press deals strictly in the transmission of news. Under no circumstances could it work as a propagandist, be the cause ever so worthy. The work, as outlined by me, should be taken up by a separate organization. There is no time and this is not the place to go into the details of such a plan, but the idea is workable, and, in my opinion, should be put into practice. If it ever is, however, I would beg to suggest that the directors realize that the need for education is not all south of Panama.

While it is important that the American business man and his country be truthfully represented to the Latin-Americans it is as vital that we of the North understand our southern neighbors. Some of our greatest blunders, and there have been woeful ones in recent years, arose from a total ignorance of the psychology of

the Latin-American mind. I am compelled to say that the greatest offenders in this have not been business men, but teachers, newspaper editors and diplomats. It is of vital importance to you that our country's representatives in Latin-America be so well versed in the history and language of the countries to which they are accredited that they do not attempt to judge of events and measure the happenings of the future solely with the yardstick of North American tradition. We must educate our diplomats.

So, too, your own representatives: before you can properly export goods, you must export properly trained men. Up to last year many American houses were selling goods through English and German representatives. It is not difficult to imagine the results of this practice with a trade war on or impending, particularly as every foreign representative is himself a publicity agent. The only successful way to sell American goods is through properly trained American representatives on the spot. You cannot continue to employ trade rivals and expect to win in the end. During my recent trip through South America I visited the branches of a great banking institution with headquarters in New York. From Bahia to Valparaiso I found Germans or Englishmen in charge or in positions of great responsibility—not the best sort of boosters for a North American publicity campaign.

Speaking of boosters, I am reminded of an incident that occurred on my South American tour which generated a thought I believe might be valuable to you: The greatest booster for America and things American is the young Latin who has attended one of our universities. I met Cornell, Yale and Columbia men and others in Brazil, the Argentines, Chili and Peru, who were not only pro-American, but rabidly so. Their fathers still talked of London and Paris, but they would hear of nothing but New York. It seems to me that one of the best investments that the Foreign Trade Council could make would be the establishment of scholarships for deserving young Latin-Americans in our different universities. Such a plan would out-German the Germans and pay big dividends in the end.

But to get back to the young Americans whom we are to send South. Let us train them for this work by making them understand fundamentally Latin-American history, character and language. When it is realized that individualism is the basic note of Spanish psychology, an Iberian characteristic which has all of the force of an imperious atavism; that the present day Latin-American is the

product of that fierce strain of religious fanaticism which the Moors brought into Spain, and that assertive love of self-government expressed in the charter of Leon in the year 1020, antedating the Magna Charta wrested from King John, thus making liberty and democracy of more ancient date in Spain than in England, our American will be more tolerant in his judgment. A study of the paralyzing effects of Spain's long domination in Colonial days, of the lives of such men as San Martin and Bolivar will lead to a sympathetic understanding which will prove a real business asset.

If American energies in the future are to be increasingly directed towards the markets of the world, if the advancement of our foreign trade is to be a vital element in our domestic prosperity let us recognize that the apparently intangible elements of good will, reciprocity and sympathetic mutual understanding are as necessary to permanent success as are the money, brains and ships you have so ably employed in the past. News propaganda will help in this, gentlemen, by telling the truth to those abroad about the American business man and his ideals.

"HOW COMMERCIAL ORGANIZATIONS CAN AID FOREIGN TRADE DEVELOPMENT"

BY

MR. ROBERT NEWTON LYNCH,

Vice-President and Manager of the San Francisco Chamber of Commerce,
San Francisco, Cal.

I would like to say, in the first place, that Chambers of Commerce can do little, almost nothing, to aid in the development of foreign commerce without a great, broad, constructive policy on the part of the United States. There is nothing San Francisco may do, and the other large cities, if there is not an eager, aggressive, national policy on the question of foreign trade. We realize we cannot encourage foreign trade except in a small way unless the United States, in its own State Department, takes some such constructive attitude, as upon agriculture, and it will be difficult for the United States to help its manufacturers in reaching the world's markets.

Perhaps the first thing we may do would be to co-operate with all other commercial organizations in the country in bringing to bear the combined efforts and resources of all the commerce of the United States in order to encourage a proper foreign trade, and

that it be not limited to the man immediately in business, and to the corporation, but that all of the commercial interests of the United States, should awaken to the fact that it is a problem of the entire country.

STUDY THE LOCAL POSSIBILITIES

We have recently made an industrial study of the conditions in San Francisco. We have spent two or three years trying to find out what sort of a city we have, and we have discovered that all of our ultimate possibilities are in two places; either in the development of the soil back of us, or in the foreign commerce in front of us. Without these two basic things we cannot hope to develop a great world city upon the shores of San Francisco Bay. All our local problems were found to have their ultimate significance and emphasis in these things. When we faced the fact that the great West, with all its resources, is practically stagnant in its immediate development, and found so many handicaps on this "great ocean of mystery," as it has been called in a commercial sense, we found that we must give intelligent attention to these matters. The reason the San Francisco Chamber of Commerce and the Pacific Coast organizations have brought to this Convention a special train with over one hundred and fifty men is not merely because we desire that your next convention be brought to San Francisco, but because we have a real, vital interest in it, knowing it goes to the very fundamentals of our development and growth. Commercial organizations, along these lines, may perhaps have something to do.

MEANS OF HELPING FOREIGN TRADE

I would like to suggest two or three means whereby, with a broad policy, Chambers of Commerce may help foreign trade.

The first thing by which the Chambers of Commerce can aid this matter is by taking a world-wide view of its activity, by thinking in terms of world's commerce, because there is a solidarity of opinion to-day that we cannot have such problems considered intelligently without a view of the entire world. There is one thing I admire in the President of the United States, his great facility in illustration. I heard him, on one occasion, use this illustration: When there is a man on the desert and he has lost his way, it is said that a man is lost. That is a mistake in terms. The world is lost. He is found right there, but he has lost his relation to all things; he is impotent until he finds the east and west; he is there

all the time, but he is isolated and impotent. And so it is with Chambers of Commerce. That is the great temptation that comes to all of us, the vice of thinking in purely local terms in their relation to the outside world, and it would be impossible, for the growth of any city, for them to think in any other than terms of world commerce. If we could get the Chambers of Commerce to get the sense of this, we would aid the development of our foreign market.

The other thing I would like to remark is that the Chambers of Commerce can aid foreign trade development if they will give proper information to their men. They will then become less and less mere publicity organizations, less and less merely the favorable sentiment of the community, and will deal directly with the real basic problems that underlie the problems you are considering here to-day.

TESTS OF ACTIVITIES

We have decided our own activities in the organization I represent by three tests, and we find that when we put these three tests on the problems which come up before us, it has a remarkable effect upon the value of our activity. The first point we insist upon is that we will not take action without full information. Any organization or man that faces any activity in that spirit will be stopped from doing a great many things all of us do without full information. The second is that, having the information, we are willing to go into the problem however it may concern the business interests; that we will not stop at some bogey, whether it lose us a part of our membership, whether it loses us the attention of some one whose interest we desire to conserve; we are willing to go into it if we have the information and it is our job. Thirdly, we will refuse to go into any activity, however well informed or however much we may think it is our job, if we are not convinced and confident that we are willing to see the thing to a conclusion. With that sort of a test a commercial organization can address itself to some of the outstanding vital things which Chambers of Commerce ought to do.

To bring that point in co-ordination with world commerce is next. Last July San Francisco faced this question: The whole commerce of our port was tied up, because a few stevedores struck over-night, refusing to carry goods upon the steamers because they originated at some non-union mill or were on some non-union ship. The President of the Stevedores' Union marched up and down in

front of this great world port and had the impertinence to issue passes to those whom he would allow to get a few goods from the ship. Mr. Murphy, President of the Stevedores' Union, issued a pass to the United States Sub-Treasury to haul some bullion from the ship to the United States Sub-Treasury, and pre-empted the entire powers of sovereign government. The San Francisco Chamber of Commerce met that issue. We raised a million dollars and said that San Francisco should be immuned from that sort of terrorism; meeting that problem with the backing of the entire community, San Francisco was emancipated and the port was opened and foreign trade could come through freely. If you are interested in that subject, there is a book on Law and Order published by the San Francisco Chamber of Commerce giving its entire history.

The last thing I want to say is that in getting information on foreign trade matters, a Chamber of Commerce will discover that it is not alone,—that no organization, New York or San Francisco, can get foreign trade information without reciprocating and co-operating with every other chamber of commerce and with the United States Government. When the Chambers of Commerce find that out, we can then prosecute our activities in foreign trade.

CONVENTION BANQUET

Friday, January 26, 1917, 7 P. M.

Mr. Alba B. Johnson, President, Baldwin Locomotive works, Philadelphia, called the meeting to order and introduced the toastmaster.

PRESIDENT JOHNSON: Our old friend William Shakespere stated that some men are born great, some achieve greatness and some have greatness thrust upon them. There has been an American supplement to that statement: that some men are born in Ohio. You know what that means. When an Ohio man starts out with an ambition in his mind he generally achieves it. Those who have achieved success sometimes find it difficult to trace the causes of their success. A friend of mine once asked the great E. H. Harriman to what particular characteristics he attributed his success in life, to which he replied that when he tried to analyze the various qualities in his character which might have led to success, he found that each one of those qualities was possessed in such superior degree by some other man who hadn't achieved success that he was at a loss to know how it happened. Those of you who are old enough to have read William Dean Howells' novel, "Silas Lapham," will appreciate this—that it is the continuous being on the job, the continuous recognition of one's duty, the continuous ability and willingness to do more than one is called upon to do, which are the main elements in that thing which leads, in its consummation, to what formerly was called being a "leading citizen." a successful man, a leader in business or society. We have new terms nowadays, we call them "Captains," we call them "malefactors of great wealth," we call them "captains of industry;" but, gentlemen, it makes no difference by what name they are called, it means that through sacrifice, through work, through those qualities which make for success, the rounds of the ladder have been ascended and the man stands a conspicuous figure in his community.

Such a man as this has been chosen for our toastmaster to-night, a man who stands high in the estimation of his fellow-citizens of

Pittsburgh because of his sterling qualities and because of his conspicuous contributions to the public welfare. I have great pleasure in presenting, as the toastmaster of the evening, Mr. W. L. Clause, to whom I now resign the conduct of your affairs. [Applause.]

TOASTMASTER W. L. CLAUSE, Chairman, Pittsburgh Plate Glass Co., Pittsburgh:

Mr. Chairman and Gentlemen: The gentlemen gathered here at this Fourth Annual Convention of the National Foreign Trade Council form probably the largest gathering of leading business men that has ever assembled. You have met here to consider ways and means of enlarging and stabilizing the foreign trade of this country. One of the most essential factors in aid of your purpose is a sympathetic and helpful attitude on the part of our government. The German government has given us a fine example of what can be accomplished in that way.

We have with us to-night a representative of our government, who no doubt will tell us something of what we may expect from it. So far as the Federal Trade Commission is concerned, we may feel sure of its sympathetic attitude. It may not be amiss, therefore, to briefly review the period immediately preceding, and the two years that have followed its creation.

When the proposal to create a Federal Trade Commission was advanced, the business interests of the country were already sorely distraught by the prolonged period of prosecution by the Government, and of persecution by the radical press, through which it had passed. A grave feeling of uncertainty hung over the heads of every large corporation, and pervaded the business atmosphere generally. A large element in the public was further demanding that the corporations should be regulated in exactly the same way that the railroads were being controlled. They said that the country was being strangled by monopoly, and that nothing short of the proposed legislation would rid us of the awful evils from which it was alleged we were suffering. The fact that some corporations had been guilty of harmful and immoral practices need not now be considered, but the public was led to make the serious mistake of assuming that these were the rule in corporate management, whereas they were only the exceptions. Finally, something over two years ago, the Federal Trade Commission was created, with broad regulatory and inquisitorial powers, powers which in the hands of a Commission that might see fit to assume a hostile attitude toward business, would be most unfortunate, and perhaps disastrous. If the regula-

tion took the form that has reduced the earnings of most of our best railroads to a bare 5% or 6%, under average conditions,—to be sure, they are larger at present,—without regard for those not so well situated, it was perfectly plain to business men that such a result, applied to general business, would seriously if not completely strangle the development of new business enterprises, because no group of men would start a new business with the uncertainty of management and success that always attends it. The most successful enterprises, like our railroads, have usually passed through a more or less prolonged period of loss or no profit, before their organization and business was so developed that even ordinary profits were possible. Now, in the light of this experience, would any group of men start a new enterprise if they knew that all they could expect, after passing through these preliminary experiences, would be the privilege of earning 5% or 6%? It is equally apparent that our railroads would never have been built by private enterprise if present conditions had always existed. It is easy, therefore, to understand how the development of the country, and particularly of new enterprises, would have been restricted if the newly created Commission had taken a hostile attitude toward business. And since the Commission had been created in response to a hostile clamor for regulation, is there any wonder that the manufacturers of the country anticipated antagonism rather than co-operation? But two years have elapsed since the Commission was created, and in that time the business men have found the attitude of the Commission to be one of sympathy rather than antagonism, of co-operation rather than hostility.

This gathering of business men owes a debt of gratitude for the sound common sense that has controlled the deliberations of the Federal Trade Commission. (Applause.) If the truth were known, I have a strong suspicion that the business world would find that the gentleman who is about to address us is more largely responsible for this spirit of sympathy and co-operation than any other one man (applause), and it is with deep regret that we hear of his resignation from the Commission. It is therefore with great respect and pleasure that I introduce to you Mr. E. N. Hurley, Chairman of the Federal Trade Commission.

"FIRST PRINCIPLES IN FOREIGN TRADE"

BY

HON. EDWARD N. HURLEY,

Chairman, Federal Trade Commission, Washington, D. C.

Gentlemen of the National Foreign Trade Convention:

It is a great pleasure to speak to you—a group of men who are doing a national service by stimulating an interest in foreign trade.

This Council is a constructive force in doing something really worth while for American business. Conspicuous in its work and worthy of the gratitude of us all are your president, Mr. James A. Farrell, and your secretary, Mr. Robert H. Patchin. It is an inspiration to cooperate in a great work under the leadership of such men.

I want also to express, on behalf of the Federal Trade Commission, my appreciation of the great work that has been done by the National Foreign Trade Council in educating the American people to lay aside their provincialism and to prepare for the commercial battle that we all know we will have to meet in winning our share of foreign trade.

We are conscious to-night of the characteristic ability of American business men to deal ably with every new problem that may confront them. America is shaking off some business traditions of the past; it is looking for leaders to point the way into a more active participation in the affairs of the world. In the field of business this leadership must come from you. You are the men to whom the country is looking for a sound solution of the problems which the present crisis in world affairs has laid at our door.

First principles are not always popular. We are all tempted to pass them over in an effort to get immediate and spectacular results. But in the work of building our foreign trade we must lay our foundation securely; we must build below the frost line. We are not building for to-day or to-morrow, but for the years and decades to come.

Fundamentally there are two sides to the shield of foreign trading: the one is the efficiency of the American manufacturer at home; the other is cooperation among American business men in marketing their goods abroad.

In my work as a member of the Federal Trade Commission I have urged upon American business men the necessity of laying

a sound foundation by adopting better business methods. The first step to be taken, I have insisted, is the establishment in our factories and merchandising concerns of sound and adequate cost accounting systems. Time and again I have pointed out the present inadequacy of cost accounting and auditing methods in American business, and urge the increase of efficiency in our business methods. This constructive work is, of course, necessary to sound business at home, but it is even more necessary when we come to marketing our goods abroad. In foreign markets competition is keen, and frequently, in order to get business at all, we will have to sell our goods on narrow margins. We cannot succeed against our highly efficient foreign competitors unless we know, at every step of the game, why we are in business, and unless our merchandising organizations have behind them sound and adequate business methods at home.

But mere efficiency at home is not enough, and it will not bring to American business men that share of foreign trade which they deserve. However efficient we may be in production and in merchandising in our domestic market, we cannot succeed without co-operation in selling our goods abroad. Competition among ourselves in foreign markets is simply playing into the hands of our foreign competitors. Large American corporations have, it is true, succeeded abroad, and every American should be proud of the pioneer work which they have done, but the small American manufacturer, if he attempts to capture the foreign market alone, is blocked at the very threshold of his effort by his high cost of selling and by his inability to build up an organization which will enable him to maintain a permanent export trade. It is, therefore, not only desirable but imperative that American business men shall be permitted to co-operate for the purpose of developing their foreign markets.

For this reason it is extremely gratifying to me that President Wilson has taken a positive stand in favor of the Webb Bill. It is my belief that this bill will become a law at the present session of Congress, and with its enactment into law will pass all doubt as to the interpretation of our antitrust laws in their application to export associations.

With the passage of this bill will come the real work of organization. Successful foreign trade will not come from passing bills through Congress. After the Webb Bill is on the statute books a vast amount of work must be done in educating American business men in the methods of cooperation and in the complicated details of

selling goods abroad. We must learn how to do the thing. Many American business men are unaccustomed to merchandising abroad, and one of the big tasks which is before them is the mastery of the art of cooperation.

With the development of our banking institutions in foreign countries we must not take the position of the English manufacturer of 50 years ago. We must not wait for orders to come through our banking connections. It is a well known fact that for a number of years English manufacturers received orders amounting to millions of pounds Sterling from abroad through their banks. They put forth little effort in merchandising, and did not attempt or think it necessary to establish selling organizations. Later, when Germany organized an efficient selling force and made a drive for foreign business, she was, in a comparatively short time, the master of a large part of the foreign trade of the world and a serious competitor of England.

I recall a Spanish conception of the German commercial traveler which may interest you. He is one of the forces which has made German export trade what it is. He is pictured as a blond, spoon-eared, long-jawed salesman. He is like a timid boy who salutes like a recruit when addressing you, but whose timidity does not prevent him from penetrating the remotest and most inaccessible parts of South America to sell the goods of Hamburg and Berlin. He travels on muleback, by canoe or afoot, sometimes carrying samples on his back like a peddler. He is a part of the romance of German industry; his glory is the order book. Wherever on the globe a handful of pioneers still battle with the forest and swamp, the tropical fevers and the wild beast, there the blond commercial traveler appears with his samples. He knows neither fatigue nor ridicule. His obscure triumphs are a part of the battle of modern commerce, and the world which he is capturing is for the glory and profits of the ledgers of Berlin and Bremen.

This is the spirit in which American business men must go after foreign trade. We can no longer regard the foreign market as a place for merely dumping our surplus goods, nor can we remain at home waiting for orders to come to us. The American merchant abroad, backed by a strong cooperative selling organization, must master the language and customs of the peoples to whom he sells, must cater to their needs, and master foreign trade as a particular and highly important field for American business activity.

I have faith in the constructive energy and resourcefulness that

underlies American business. I have faith in the intelligent cooperative service of the progressive leaders of American industry. Through their effort and efficiency the world will have its best opportunity to judge our business integrity and ability. Foreign trade is the evidence that we present to the world of our progress and business. Cooperation of American business men will be of service in demonstrating to the world that this nation has a just claim to industrial as well as financial and moral leadership.

Our government, on its part, is coming to recognize its obligation to American business. The Webb Bill is important in itself, but it is also typical of the new attitude which government is taking toward business. In the past, government's attitude has been negative and hostile, and seldom, if ever, constructive, but during the past few years conditions have changed rapidly. When the Federal Trade Commission began its work it found American business did not have adequate machinery for gathering information. When we endeavored to determine the exact state of affairs in an industry, we found that neither the government nor the industry itself could furnish us with any comprehensive and adequate data. The difficulty, we found, was lack of adequate cost accounting systems in our factories and merchandising establishments.

The Federal Trade Commission has urged upon business men the importance of installing adequate cost accounting systems. We have sent out to the business men of the country, both manufacturers and retail merchants, approximately 350,000 cost accounting pamphlets, and thousands of letters have been received in reply commending the Commission for this work. We have, through our expert accountants, cooperated with trade associations which are endeavoring to work out uniform and adequate cost accounting systems for their entire industry. If we receive the appropriation from Congress which I believe the importance of this work warrants, it is our purpose to divide the country into zones and to place in each zone a number of cost accounting experts whose duty it shall be to educate business men, through their trade associations, in better methods of keeping their books and working out their costs of production. It is not our intention to urge any particular method. Each particular industry must work out its own plan, and in its own way. When the manufacturers in a given industry, however, have found a system that is uniform and satisfactory to them, and this system is presented to the Federal Trade Commission, the Commission will con-

sider the plan carefully and if it is sound will approve it as the standard system for that particular industry.

In addition to lack of proper cost accounting methods it developed in our investigation that, even in the case of many audit reports made by certified public accountants, the reported value of assets was frequently misleading, because depreciation and other items had not been properly allowed for, and no statement made in the report from which the bank, using it as a basis of credit, could form any correct idea of the value of the plant as a going concern, or its value as an asset in case of the failure of the owner.

We found that many audits and examinations were being made solely for the benefit of the client whose business was being investigated. Many of these audits were made at the request or at the instigation of and for the benefit of banks and others who had been asked, or were expected to make loans, on the basis of the results of the examination. The accountant was employed, instructed and paid by the person whose affairs were being examined. Due to this condition, many securities that are placed on the market are frequently sold based on an unsound balance sheet, and reliable investment and brokerage firms are often imposed upon by unreliable and misleading statements. The result of all this is that to-day there is a strong feeling of doubt existing in the minds of bankers, brokers and the public as to the reliability of certain audits.

To remedy these conditions, about a year ago the Federal Trade Commission asked the Institute of Public Accountants to confer with it in an effort to bring about a better method of auditing statements. I am glad to say that the Institute has cooperated with us in every way, and that we have together worked out a standard, uniform set of rules and regulations with the view to making all examinations and audits as complete as possible, and as thorough as may be necessary. A uniform basis for handling depreciation and other items will be shown in the balance sheet upon which the bankers base their credit risk. The audit or examination will reveal the true state of the business.

These rules and regulations have been submitted to the Federal Reserve Board for its consideration and, when approved, we will have in this country standard rules and regulations to follow in making audits that will be of material benefit to the bankers, investment brokers, business men, and the investing public.

I predict that within five years there will be very little money loaned by any banker in the United States to any merchant or manu-

facturer who does not present a statement showing detailed information not only regarding his true assets and liabilities, but also indicating that he is conducting his business in an efficient manner and that he absolutely knows his true costs.

With an adequate cost accounting system in the industries of this country, the gathering of information would be made comparatively easy and the task of Government in its solution of public problems would be greatly simplified. Cost accounting would also be of great benefit to industry itself, and anything which makes industry more intelligent and efficient ultimately benefits the public. A good business man is a more vital asset to a community than a poor one. He employs capital and labor, and increases substantially the wealth of the community. In asking business men to better their business methods, the Federal Trade Commission believes that it is doing a substantial public service.

It is my belief that improvement in cost accounting and auditing methods in American business will assist, more than anything else, in making business intelligent. I have urged upon American business men the desirability of cooperation among themselves through trade associations. There is a wide and important field of activity for these associations, and I have therefore urged competitors to meet together for such legitimate activities as improving their cost accounting methods, standardizing their products and processes, and endeavoring to eliminate unfair and injurious practices from their business. These associations can, of course, do much in correlating and compiling information which will be of benefit to their industry. Only Government, however, can prepare an adequate report on industries, and this is a constructive line of work which the Federal Trade Commission has taken up. By this means the Commission hopes to keep the business world intelligently informed as to what industries are and what are not in healthy condition. If it finds an industry in which over-production exists it will report this fact, and such report will tend to deter further capital from going into the industry. This should eliminate the promotion of "boom" projects, which are so often followed by vacant factories. It is the belief of the Commission that when business men have at hand accurate and reliable information about their own industry they will be able themselves to take active steps to correct existing evils. The greatest enemy of business to-day is ignorance of essential facts.

If business is made more intelligent it will become more fair,

and there are many practices existing now in our industries which business men, either individually or through their trade associations, can and will correct if the evil effects of these practices are brought to light. There are, however, some unfair practices which only the Government can correct. The law under which the Federal Trade Commission operates authorizes us to prevent unfair methods of competition. When private effort fails, the Government must step in in order to make business fair, and under ordinary conditions if competition is made fair, competition will take care of the interests of the consumer and the business men alike.

The problems now before the business men and Government are not so complicated but that they can be worked out, and in a reasonable length of time. Government has shown that it is willing and anxious to cooperate with business. It is now the duty of the business men of this country to do their part. Successful co-operation requires a friendly spirit on both sides if we are to accomplish real constructive work. When business men request *advice in advance* as to some particular step they wish to take, they should present to the Government an intelligent statement of the facts; then Government should *give advice in advance* as to what business men should or should not do.

My ideal for the Federal Trade Commission is that it shall become the common meeting ground of Government and business, and that by means of its machinery the foundations of industry shall be laid more secure, competition shall be made more intelligent and fair, business men will have more comprehensive and wider vision of the public interest and the relation of industry to the public, and that Government on its part will, on behalf of the public, bring to business its constructive aid. But I maintain that if we, the business men of this country, are going to accomplish what we should, not only for our own benefit but for the benefit of the country, we must co-operate among ourselves along broad constructive lines, recognize that fair, intelligent competition is the life of trade, and that fundamentally the interests of the public and business are the same.

In conclusion, let me say that with the Webb Bill on the statute books,—with American ships on the high seas, with our banks establishing branches abroad, and with American capital freely investing in foreign enterprises,—our manufacturers will have better facilities for the development of oversea business than ever before. It will then rest with such men as you whether the United States shall

lose ground, or whether it shall advance from its present splendid position to new achievements.

It is my earnest hope that each and every American manufacturer will take this question of foreign trade seriously; that they will put forth special efforts to obtain their individual share of this trade. But, gentlemen, if we are to be factors in this world trade, we must follow sound business methods. If we, as a nation, want to build an enduring foreign trade we must start from the bottom up. If we are going into these markets we must do so with the same vigor and fairness with which we conduct our business in this country.

The American business man has splendid "drive"; our skilled mechanics and skilled workmen can produce better wares than the workmen of any other country; our inventive genius and supremacy in machinery and processes are everywhere admitted. But to use our drive, our skill, and our genius to the best advantage, we must add to them,—*efficiency*.

"Drive" is good, if we know where we are going. Skillfully produced wares are good, if we know our true costs and sell our wares intelligently. But efficient methods of production and selling, and sound cost accounting systems,—these are the things needed to perfect the structure of American business.

With American competitors free to combine their efforts for export trade; with efficient production and true knowledge of costs; with manufactured products second to none, there is no reason why we should not give the people of the world the finest products, at the fairest prices, and thus secure and hold our share of the commerce of the world. In doing this, we, as manufacturers and exporters, will be stabilizing the industrial prosperity of our country, and we will also be doing an international service that will strengthen our friendships with other nations.

MR. W. L. CLAUSE: The stories of Aladdin and his lamp, and of the Arabian Nights must be re-written if they are to hold their place against the Romance of Copper, and many other things that are happening these early days of the twentieth century. The account of the growth of our copper industry reads like a fairy tale come true. While the use of copper is as old as our civilization, the great growth in the industry is very recent, being coincident with the development of electricity, and as we are the greatest copper producing country, the world has to depend upon us largely for its supply.

But why relate these facts, when we have with us to-night a

gentleman who knows the whole wonderful story, a gentleman who, in spite of his modesty, has by his unusual ability, his sound judgment and his high integrity, forged his way to the head of one of the greatest companies in the world.

It affords me great pleasure to introduce Mr. John D. Ryan, President of the Anaconda Copper Mining Company. (Applause.)

BUSINESS MEN AND PUBLIC POLICY.

BY

MR. JOHN D. RYAN,

President, Anaconda Copper Mining Co., and member National Foreign Trade Council.

Mr. Toastmaster, Mr. Chairman, Ladies and Gentlemen:

Following, as I do, the distinguished Chairman of the Federal Trade Commission, with his magnificent speech on the subject of Foreign Trade, I have very little left to say. Preceding, as I do, our distinguished Chairman, with all that I know he must have to say to you, it would be an imposition on my part to take your time.

I want to pay a tribute to-night to our friend, Mr. Hurley, who is laying down the work he has been doing for all of us and for his country, to take up again his business. Mr. Hurley has been a link between business and government that I am satisfied, and I am sure you are all satisfied, has done more to knit closely together business and government than anything that has been done in the last ten years. It is with great regret that we see him lay down his task; but you will agree with me, I think, that he has done his bit and has done it well, and we are all the better for it; God speed him; and may he go back to his business and make all the money he is entitled to and make up all the money he has lost in these prosperous times for having taken care of us and our affairs.

I want to say a word of this organization,—the National Foreign Trade Council, the conception of Mr. Farrell. In May, 1914, a comparatively small body of men met in the City of Washington at the first National Foreign Trade Convention, to take up the problems that were then confronting the people of this country, the business interests of this country, in the necessity for expanding the business of this country for making a market for its products and manufactures in foreign lands, and particularly to take up the methods by which those markets could be secured. Many of these problems have been almost solved. Some of them have been solved

by the changes that have come over world conditions. Others of them are in a fair way of being solved, and it is with great credit to the gentlemen who framed the work of the Council at that first Convention that not one single topic, not one single problem that was tackled at that time, but has met the absolute and unqualified support of the manufacturers of the United States from one end to the other. (Applause.) There has been no section and no class favored. The interest of the National Foreign Trade Council is in the interest of the American producer and manufacturer, and the manufacturers and producers of this country, almost to a man, have backed up the work of the Council. This gathering to-night, this Convention this week, is the best demonstration that the work of the Council was laid along the right lines. Over twelve hundred delegates in this Convention, one hundred and fifty men from the Pacific Coast, over thirty from the State of Texas, men from every section of the country have come here,—for what? Not to enjoy themselves, not to do as is done at conventions generally; but to sit here and listen, and to discuss seriously the problems that confront them in extending and enlarging the business of this country and making it a factor in the world's business.

Gentlemen, there is nothing that can withstand the united force of a gathering of such men as are here to-night, if you use your force. There is no government in this country that can withstand the united pressure of the forces that you have behind you. You are the employers of hundreds of thousands of men. By and large, you treat those men fairly. You build up communities, you are interested in the welfare of your people and your communities, and the men who represent those communities are bound to listen to what you have to say, if you will but get together and in a united way tell them what is on your mind and what you want done.

The best evidence I can see of that is the present state, as Mr. Hurley told you, of the Webb Bill. When it was first broached in the Convention of 1914 of the National Foreign Trade Council, that freedom from the anti-trust laws of this country was a necessary equipment for the people who went out to fight for the foreign markets, it was a new theory, it was a new story, and when some of us who were in Washington called on some of the members of the Committees of Congress that had then under consideration the Clayton Bill and discussed this matter with them, they told us to go out and create a public sentiment for it. We have done that very thing. The sentiment of the whole country, from every cor-

ner of it, has been brought to bear upon the Government in Washington, and you can see the results. The bill has passed the House; it is in committee of the Senate. It has the absolute, unqualified support of the President, and nothing but delay, such delays as are common in Congress, will prevent its passage at this session. And regarding that delay, I want to say to you gentlemen, that if each one of you to-night made up his mind that he wanted that bill to pass the United States Senate before the 4th of March, and took the means in his power, perfectly legitimate, open and above-board means, there would not be courage and strength enough down there to withstand you, that bill would become a law. [Applause.]

In this matter of asking for permission to co-operate for foreign trade, we are not asking any subsidy; we are asking to have our hands loosed and our feet free to go out and fight the commercial battles of this country in the markets of the world. [Applause.] We are not asking any protection. We are asking for freedom; and we are entitled to that freedom, and we are going to have it from this Congress or from some other. [Applause.] I have talked upon this thing so often and so long, that I am sure it is a very dry subject, and I must not continue on it.

There was one thing that I would like to say to-night to you, representing the manufacturing industries of the United States, and that is this: We export entirely too much of the natural resources of this country in a raw state. [Applause.] Our total manufactured exports in 1913 were 32 per cent of our exports, and our total exports less than six per cent of our total production. There is a lot of room for work, and now that we have the money of the world, and, I think, a good part of the brains and energy of the world, it is an opportune time to increase the proportion of manufactures and decrease that of raw products. I could not speak of this in a better place than here in Pittsburgh.

Pittsburgh has set an example to the rest of the country in manufacturing and marketing the natural resources, whether here or abroad, in the finished state. Pittsburgh assembles more natural products, manufactures them and puts them ready for consumption, than any other center in this country [applause], and it must be brains, it must be energy, and I hope it is money that you have that enables you to do this in Pittsburgh. You are entitled to the money, because I am sure you have earned it.

Before I sit down, I want to say that the work of this Council is due very largely to the initiative and to the continued effort of

Mr. Farrell. [Applause.] I want to say that in my humble opinion Mr. Farrell is the best example we have of the expert in foreign trade. I think Mr. Farrell understands and knows the foreign trade better than any man in this country, and that is no disparagement to thousands of others engaged in it. We are assembled here tonight, many of us representing annual manufactures of thousands of dollars, some of us into the hundreds of thousands, and a few into hundreds of millions. The good that can be done by this organization, bringing together once a year men representing manufactures of all grades, of all goods, of all kinds, of all sizes, cannot be exaggerated. I hope that these conventions will all be as successful as this one. This is by far the greatest one that has ever been held. I think that interest in this work will grow. If we continue growing they will have to build an auditorium in any city we select hereafter for our meeting.

Gentlemen, I thank you. [Applause.]

MR. W. L. CLAUSE: We can all remember when a rich man was greatly looked up to by his fellows, and when he was exalted and almost deified by the effusive members of our press. His eccentricities, if he had any, and his unimportant personal traits were heralded as marks of his greatness and success, and in general the job was badly over-done. Then came the muck-raking period when every large corporation was branded with suspicion, and every man of wealth, particularly those who were connected with the great corporations, were looked at more or less askance. The political parties did not dare to touch one as a candidate, and were even in grave danger in accepting a legitimate campaign subscription from one, because of the fear of being accused of being allied with the "great interests." A business man could not be elected a Justice of the Peace, much less could he be elected to Congress or the Senate. Nobody loved a business man.

I remember hearing an ex-college professor, now the active head of one of the new uplift foundations, not particularly popular in Pittsburgh, make an address suggesting some new function for our government, and advocating that its head should be exalted to a Cabinet position, and in answer to the fact that there was opposition to increasing the size of the Cabinet, said "substitute him in the Cabinet for the Secretary of Commerce and Labor, as he is only a business man." In making this suggestion he not only dis-

played his prejudice, but his ignorance, for the gentleman to whom he referred was not a business man at all, but a great lawyer, none other than the Hon. Charles Nagel, then Secretary of the Department of Commerce and Labor; and at that very time prominently mentioned as a possible appointee to the Supreme bench.

Lest I be misunderstood in my allusion to the word "uplift," I wish to say that far be it from me to say aught against any of the great national and civic institutions that are for our national welfare and the good of the individual. These deserve our highest commendation and support. But it does seem to me that we are somewhat long on organizations that feel themselves especially appointed to save the country. It would be interesting if somebody would chart them. Their number would be legion, and a survey would reveal a sorry overlapping of effort, waste of money, and in some cases degeneration into mere schemes for keeping jobs alive. If the country can be saved by well intentioned organizations, we should long since have reached the millennium.

But to return to our much maligned business man. He has gone quietly on, attending to his business, and between times freely giving of his time and money to keep every worthy benefaction going, as well as those propagandists that spend their time maligning him. Incidentally, he and his associates may be disbursing a few hundred thousands, or a few millions, in bonuses, without any brass band, or even comment. He can afford to be indifferent to his maligners, and bide his time. He will ultimately be seen in his proper perspective and valued at his real worth.

I wish to quote regarding him from a recent issue of the *Bellman*:

"His prayer is in his work; and defense, expostulation, argument, speaking, writing and preaching are not in his line. So he goes on his way and lets the theorists and the windjammers, the whoopers, the spouters and the thunderers, do according to their wont, unrebuked and uncorrected so far as he is concerned. His job, as he sees it, is to saw wood, provide the wherewithal, look pleasant, take his medicine and avoid bankruptcy. Meantime he has, for his comfort, his grim but subtle joke, and he enjoys it.

"David R. Forgan, a Chicago banker, in a recent address, said:

"I don't know any life better than that of the honorably successful business man. To have endured early hardships with fortitude, to have overcome difficulties by perseverance, to have conducted and developed a large business, useful in itself and giving

employment to many; to have achieved position, fortune, independence and influence; to have established a character above reproach, to have accumulated the esteem and confidence and friendship of one's fellows, and to have gained all this of the world without sacrificing the soul to avarice or starving the heart into hardness.

"I say that he who has so lived has nobly lived, and he should find peace and satisfaction when the shadows begin to lengthen and the evening of life draws on."

Such a man is Mr. James A. Farrell, Chairman of the National Foreign Trade Council, who will now address you. [Applause.]

THE FUTURE OF FOREIGN TRADE

BY

JAMES A. FARRELL

Chairman, National Foreign Trade Council; President, United States Steel Corporation.

No more convincing proof could be given of the importance which external commerce has assumed in the industrial, commercial and financial activity of the people of the United States than the composition of this Fourth National Foreign Trade Convention.

From a body of specialists and experts who met at Washington in May, 1914, to compare notes of their experience in the promotion of American trade abroad, and to impress on their fellow citizens the need of a larger outlet for American products, the attendance at successive Conventions has broadened and become more comprehensive.

There has probably never been assembled under one roof a body of men so thoroughly representative of all the national interests of production, distribution and banking, as that I am now addressing. Every section of the country has its spokesmen here; every department of manufacture, every branch of merchandising.

There are representatives of agriculture, of mining, and of transportation; of the finance that is the handmaid of foreign commerce, there are with us and of us some of the most distinguished exponents.

When our First Convention met, there was depression in most of our staple industries; there was a large and steadily growing mass of unemployment. The keynote of that meeting was the relief of adverse domestic conditions by the opening of new markets abroad

for the products of American workshops. This was the purpose for which the National Foreign Trade Council was founded, and on whose pursuit all its efforts have been concentrated.

Circumstances, then unforeseen, have changed the whole aspect of our foreign commerce, but the problems of its normal development are with us still.

For the calendar year 1913, the domestic exports of the United States amounted to \$2,448,000,000; for 1916, they have apparently exceeded \$5,480,000,000. Enhanced values have had a good deal to do with this stupendous gain, and its chief element has, of course, been supplies directly or indirectly contributory to the conduct of war. But there has been a solid increase in the proportion of our trade with the neutral nations; there has been, above all, a demonstration of the vast possibilities of the productive energy of the United States.

In two years of European war, this country has received for its exports \$4,000,000,000 more than it would have received had the average of preceding normal years been maintained. The result has been that the United States has exchanged the status of a debtor, for that of a creditor nation, that it possesses one-third of the world's gold, that its loans to other nations total over \$2,000,000,000.

That the problems of financing the foreign trade of the future—of placing the loan where the trade will follow it—has been greatly simplified needs no demonstration. But the necessity for expanding the normal proportions of our sales abroad will also be found to have become more acute. Many American industries have had to increase their capacity to be able to fill war orders. The standard of employment has reached its maximum, and so has that of wages. Labor has been drawn from the farm, the forest and the mine to meet the abnormal demands of manufacturing production.

When the period of hectic industrial activity, of inflated prices and payrolls of unheard-of amount, comes to an end with the conclusion of peace, we shall have to reckon with conditions in Europe imperatively demanding the speedy resumption there of a foreign trade which experience has shown to be inseparable from domestic prosperity. Though hampered by the tragical reduction of manpower, the advent of women into the ranks of the workers in machine shops, the gain in efficiency from the wider and freer use of automatic tools, and the intensive co-operation both in production and in distribution which will be universal, instead of partial in its

application—all these will go far to reinforce the reduced vigor of European competition in the markets of the world.

With us, entry into foreign trade is no longer a matter of choice. The distinction between domestic and foreign commerce is rapidly disappearing. No enterprise large enough to be called national can be clipped short at the boundaries of the Republic. When, in the first week of the war, the almost complete suspension of our export and import trade dislocated all the activities of the home market, the American people had an object lesson which they are not likely to forget, showing that foreign trade is a vital element in domestic prosperity. The problems that will come with the economic reconstruction of the countries now at war are bound to bring into bold relief the interdependence of nations. Our country will find the paths of duty and opportunity coincide in helping to make that fact clear. Accepting the sound principle that commerce which will stand the test of time must rest on a fair exchange of values, our rightful share of the world's trade will be that to which our natural resources, developed by our enterprise and skill, entitle us. In short, the fitness of our products to meet the requirements of the rest of the world must continue to be the measure of the expansion of our foreign trade.

The opportunities of the near future are sufficiently alluring. There will be a period of industrial reconstruction for Europe, and the retarded development of neutral countries is likely to resume at least its former rate of progress. In this latter field there is room enough for all—the more so because in countries still bare of the appliances of modern civilization the process of equipment is apt to be a cumulative one. The new facilities of transportation, production, or public convenience, not only create a demand for more, but help to create the wealth needed to pay for them.

We have seized unfairly the commerce of no people; we have taken no mean advantage of the industrial extremity of others. But we have accepted the responsibility of carrying on enterprises which had been begun by European capital whose further supplies were interrupted. Our entrance into new fields of business enterprise abroad has been of signal benefit, not only to the countries where the investments have been made, but to the original investors whose work we have taken up at the point where they were compelled to lay it down.

It is significant that many of the orders for munitions now placed in this country provide that, should their fulfillment be in-

interrupted by the close of the war, delivery will be taken of an equivalent amount of material for peaceful purposes. Thus, as the war demand abates, our mines, forests and workshops will be drawn upon to aid in the reconstruction of great devastated areas and the re-equipment of ruined industrial plants. All this will mean new drafts on our surplus capital, but it will also mean prosperity to our productive industry, and will thus provide a profitable return on the capital it employed. A distinction used to be drawn between government loans yielding annual interest and industrial loans usually carrying a preference for the purchase of the goods of the lending nation. But, under the stress of war, European governments have become the largest importers of all history. Then, there are governments like those of Latin-America and China, which are so directly identified with works of public improvement and national development requiring the importation of materials and machinery, that their borrowings become, strictly speaking, industrial.

It is difficult to realize the colossal scale on which Europe will have to borrow to make good the destruction of war. At least five billion dollars' worth of property will have to be replaced, and the demands of the work of reconstruction will be too vast to be met by private enterprise. The first demand will naturally be for houses to shelter the homeless thousands whose native villages have been reduced to shapeless ruin. The next will be for the surplus of such material, machinery and equipment as can be used to fabricate other machinery and equipment needed for industrial reconstruction and the introduction, where possible, of mechanical appliances to perform work which used to be done by hand. The process will not essentially differ from that pursued in the case of a factory destroyed by fire, whose owners, after rebuilding, first install the equipment needed to resume its most profitable production.

In the presence of the gigantic needs of the war-swept territories in Europe and of their poverty-stricken populations, any application of the old-time methods of competition sounds trivial.

Co-operation on the broadest and most generous scale, and in the most sympathetic spirit, must be the rule, if economic recovery is to be quick and thorough. We shall greatly facilitate international co-operation for the general welfare of the world by establishing a co-operative system of selling in foreign trade among ourselves. We shall greatly lessen the possibility of perpetuating in the domain of commerce the bitterness and hatred engendered by the war, if we refuse to be drawn into any convention, agreement

or understanding that would make us parties to a boycott of the commerce of any of the nations now arrayed against each other. To meet any attempted discrimination against the exports of the United States, we shall be free to choose our own weapons and to invoke the aid of our own Government. But the American people will be prompt to recognize the fact that the poverty of Europe cannot contribute to their welfare, any more than the misfortunes of their commercial and industrial rivals can promote the prosperity of their foreign trade. I see no reason to doubt that they will prepare to do their part in laying the foundations of a permanent peace on the firm basis of mutual respect and evenhanded impartiality and fairness in the dealings of commerce.

This Convention has resumed the practical discussion of Foreign Trade promotion, after taking into consideration international developments occurring since the Third National Foreign Trade Convention at New Orleans last January. That Convention, like its predecessors, favored the legislative action necessary to build up an American Merchant Marine, and specifically approved of the creation of a Government Shipping Board; it gave expression to the conviction that national welfare depends upon the participation in foreign trade of a steadily increasing number of smaller manufacturers and merchants, all gaining a wider market as a protection against recurring periods of domestic depression and assuring greater stability of labor employment; it protested against the application of the anti-trust laws of the United States to combinations of American exporters formed for the purpose of meeting combination among their foreign competitors; it recognized the need of a more elastic tariff system, for the purpose of countering preferential tariff agreements that the European allies in the war may deem essential to form after the conclusion of peace, and it counselled the investment of American capital abroad in such manner as to assist the development of foreign markets and stimulate an enlarged demand for American products.

Since the last Convention, two new official agencies have been created for the furtherance of a national foreign trade policy—the United States Shipping Board and the Tariff Commission. With the limitations which surround the action of both, it would be too much to expect any remarkable results from the work of either. But, composed as they are of men of experience, tact and discrimination, there is every reason to assume that they can render valuable service to the common cause. That cause is being also served with ability

by the Department of Commerce, the Federal Reserve Board and the Federal Trade Commission. All of these Boards and Commissions owe their being to legislation passed in response to the demand of business organizations that the Executive and Legislative Departments of the Government should be more responsive to the needs of commerce and industry.

While they are largely composed of business men, they must look to organizations like the National Foreign Trade Council, and an assemblage like that now before me, for an interpretation of how the Government may most effectively aid and further the business enterprise of its citizens. Whatever the recommendations you may see fit to make toward this end, I believe you may rest assured that they will receive at least respectful consideration.

But I cannot help thinking that, above and beyond the bearing of our domestic policy on the outlook for our foreign trade, we must set ourselves to grasp the larger and more vital principles of international co-operation. It is a debatable question whether the United States can become a member of an International League of Peace for the prevention of further war, but it is not at all doubtful that we can render an invaluable service to the establishment of lasting concord among the peoples of the earth by setting our face against anything that looks to the perpetuation of commercial war in peace.

The spirit in which our merchants, manufacturers and bankers address themselves to the relief of the sufferers by the historic disasters at Chicago, Baltimore and San Francisco, is the spirit of generous accommodation in which we must approach the needs of Europe after the war.

Here, the path of devastation has had a broader sweep and more tragic accompaniments. The forces of destruction have been fed by draining the very life's blood of the nations in capital and man-power. Wealth has been lavished on the annihilation of wealth; the savings of one generation have been used to impoverish another. But from the whole ghastly conflict will emerge a regenerated Europe—a Europe with nobler ideals and higher standards of attainment, both in spiritual and material things.

In cold, prosaic fact, however, it will be a Europe needing a larger allowance of credit and presumably worthy of it. That is a point about which every business man interested in foreign trade will have to satisfy himself, but it may be regarded as certain that

our share of the commerce of reconstruction must largely depend on the amount of credit we are willing to grant.

At present, our most pressing problem is how to produce quickly enough to satisfy the demands of export trade. After the war, the financial aspect of the task will come into the foreground, and the huge requirements of the necessary loans and credits will provide a new chapter in our national experience.

But it is certain that, on the readiness with which these requirements are met must depend the future of our foreign trade, and, consequently, the prosperity of domestic industry. In sober truth, the motto of this Convention, "Greater Prosperity through Greater Foreign Trade," might with entire correctness be made to read:

"No enduring Prosperity without Foreign Trade."

Judge Joseph Baffington of the United States Circuit Court also spoke, extemporaneously.

FOURTH GENERAL SESSION

Saturday, January 27, 1917, 10:00 A.M.

MR. ALBA B. JOHNSON, *President*

President, Baldwin Locomotive Works, Philadelphia, Pa.

PRESIDENT JOHNSON: The first business before us is a report on "Examples of Successful American Export Enterprise," which will be read by Mr. John S. Lawrence, of Lawrence & Co., Boston, Mass., and member of the National Foreign Trade Council.

EXAMPLES OF AMERICAN EXPORT ENTERPRISE

THE BRIGHTER SIDE OF THE SHIELD—BLUNDERS IN AMERICAN EXPORTATION THE EXCEPTION, NOT THE RULE—ERRONEOUS GENERALIZATIONS INJURE UNITED STATES TRADE.

A Report of the National Foreign Trade Council.

A situation has recently arisen affecting the reputation of American exporters which contains elements both of great good and great harm. Certain American Consuls, commercial organizations and banks have done a useful service in sharply calling attention to specific derelictions on the part of Americans in export trade. Certain failures to meet requirements of contracts have been condemned and other exporters warned that such methods are injuring the prestige of all American trade.

In itself, this has done good, but it is apparent that many newspapers, magazines and individuals have made these specific complaints the basis for generalization highly discreditable to all American foreign trade. All exporters have heard the uninitiated remark, "Well, of course Americans do not know how to pack their goods for export and they insist on jamming their product down the throat of the foreigner, regardless of his own tastes."

This opinion, although unfounded, is so widely prevalent as to be a positive hindrance to even systematic and skillfully conducted foreign trade, and there is ample reason to believe that it finds its

way into foreign print to the discredit of American goods, and that it is used as a basis of selling arguments against American products. We hear little about English or German goods being poorly packed, yet a visit to the steamship docks in normal times will show the extent of damage sometimes inflicted, for lack of proper packing, upon importations from the older industrial and exporting nations. Controversies and disappointments as to whether contracts have been strictly fulfilled occur wherever business is done, and there is no reason to believe that it is more frequent in American than in any other export and import trade. It would be interesting to learn to what extent such complaints are kept alive in foreign markets by our competitors.

EXPORT METHOD VALID

The purpose of this paper is to call attention to the fact that some of the statements circulating throughout the world about American export methods are general allegations without specific foundation, and to show the brighter side of the shield by citation of examples of American enterprise which have few parallels in the history of the world's trade. The simple fact that our export of manufactures has nearly doubled between 1905 and 1913, reaching in the latter year a total of nearly \$800,000,000, is in itself evidence that foreigners found it practical, convenient and satisfactory to buy American goods, while the high percentage of "repeat orders" is additional proof.

Nobody, of course, will defend the exporter who tries to obtain business by the employment of unfair methods. If American manufacturers have shown better samples than the goods they intended to deliver such a course cannot be condemned sufficiently. We know, of course, from our own experience in this country that black sheep are found all over the world and are, unhappily, the exclusive possession of no single nation.

Unfortunately, the fact cannot be denied that some of those new to the export business have entered the field with more enthusiasm than experience. But it would be unfair to generalize on inexperience, for others equally new have done splendidly. They have also taken up this side of the business during a time which was not at all favorable for doing so. Even our experienced exporting houses have met with many difficulties in keeping up with the situation. We all know that it takes now months to deliver a letter where formerly it took only weeks. Replies are only too frequently

delayed, and when they arrive the whole face of the market has changed. Quotations have often become obsolete before the order was secured. Raw materials are difficult to obtain, necessitating even in the domestic market frequent changes in quality and the composition of goods.

This is not a condition to be found in the United States alone. It has been characteristic of the raw material situation over the whole world. Manufacturers in executing export orders, therefore, were frequently faced with the question: Should they decline the order when given, or should they execute it as well as they could under the circumstances, so as not to turn down the customer.

Foreign markets have accepted the plea of the war as sufficient excuse for delay in the delivery of exported goods. They have argued, less obligingly, that the United States had no war, and that in consequence they should not be affected by its economic results. Meeting, therefore, with disappointments in their connection with our market they have been inclined to blame the American manufacturer for something that was really, and still is, a general condition of the market. That we not always have been able to supply our foreign customers as promptly and satisfactorily as we should have desired is very much to be regretted, but it is doubtful whether the exporters of any other country would have done better under present conditions.

The most unfortunate aspect of the whole matter now is not that we have failed in a few cases, but that by the continuing publicity given to the entire subject a misleading impression about our own abilities to export has been created not only in our own country but possibly also abroad.

We have exported manufactured goods since the beginning of our economic history. We crossed the \$400,000,000 mark of exports of manufactured goods during the year 1905 and in 1913 had reached \$776,297,360, being 31.97 per cent. of our total exports during that year. To have nearly doubled the exports of manufactured goods inside the period of eight years seems to be a feat we need not be ashamed of. In fact, the achievement has been well recognized by other countries. Sir George Paish, the well known editor of the London *Statist*, for instance, commenting on the results of 1913, speaks of "The greatness of American trade and the important contribution it has made to the general prosperity," while he points on another page to the "exceptional strength of American foreign trade."

REQUISITES FOR SUCCESS

It is obvious that such an expansion of foreign trade in manufactures cannot have been merely a matter of good luck. During the period of 1905 to 1913 there was no war to support our foreign trade, and the European nations were as free to export as ourselves. Luck may help for a while, it may bring the unexpected chance of introducing one or the other article to a new market. To hold the market, however, and to build it up so as to make it a solid asset to our foreign trade requires more than just good luck. It needs a well-equipped organization and goods which will find the appreciation of the foreign customer.

It is a national habit with us to admire the accomplishments of the stranger and to disregard those of our own countrymen. While we, therefore, may certainly congratulate ourselves in having had in starting our own export business such excellent samples as those offered by the markets of London, Hamburg and Paris, we should now not overlook the fact that several of the largest international trading concerns in the world are of American origin, and that some of the greatest successes on record of industries of moderate size are American.

The effectiveness of the distributing methods of oil companies may well be understood if we consider that they dispose during each year of approximately 2,000,000,000 gallons of mineral oil. The tin cases used by one of these firms are well known everywhere, including the darkest spots of Central Africa. American corn beef to-day is sold all over the globe. This result has been obtained by a great advertising campaign carried on by the packers in the foreign markets. That our foreign customers are well satisfied with the quality of the manufactured foodstuffs we sell them is possibly proved best by the fact that the frequent attempts made by interested parties to discredit these foodstuffs among foreign buyers have failed utterly.

A leading example of well-deserved success is that of the American agricultural machinery and implement industry. The sale of American agricultural machines has grown from year to year. It had reached before the war the very considerable sum of \$40,000,000 in the face of well-equipped foreign competition. Possibly in no other line of export so much care has been devoted to the study of the foreign business. Agricultural machinery makers not only have used all the modern methods of selling and distributing,

but have been especially successful in creating new sales opportunities, studying and building machinery minutely suited to widely different needs, and bringing packing to a high state of perfection. This has been more than an export business, for it has increased agricultural productivity throughout the world.

There is possibly no article more difficult to handle in the foreign market than railway material, especially locomotives. Orders for railway material and locomotives usually go to the countries furnishing the money for railway development, but the American locomotive has invaded some markets without such favoring influence. They were sold entirely on their reputation and demonstrated quality.

TESTS OF SHIPPING METHODS

That the packing and shipping methods used by our locomotive exporters are not inferior to those employed in other countries is well shown by the following examples: One company shipped a locomotive into Colombia over mountain trails which necessitated transportation on mule back. After the locomotive had been built in the United States it was taken down and the parts placed together in large cases and shipped to Medellin, Colombia, where it was landed. The pistons, cylinders, rods and other parts were then securely wrapped in burlap and packed on mules, reaching Bogota, after many days, in perfect condition. The locomotive was then assembled and operated perfectly.

Since the war began another locomotive company has shipped more than four hundred locomotives to interior Siberia. They were built in the United States, packed for shipment, sent via Magellan and the Panama Canal, to Vladivostok, erected in record time in the yards of the Siberian railroad and proceeded under their own steam to their destination. To-day they are hauling the vast stores of munitions imported through the back door of Russia from the United States and Japan. When the transaction was completed not more than one-tenth of one per cent. of the order was found to have been broken or lost in transit.

Locomotive manufacturers have been called upon to ship to the most out of the way places, which formerly obtained their rolling stock from Europe. Engines have gone to Katanga, away in the interior of Africa, in the Belgian Congo, to the Gold Coast, to Rhodesia and Portuguese and to East Africa, and up to date not a single complaint has been received, although it was the first time that

American locomotive orders had been received from these places.

The first steam railway in Korea connecting Chemulpo, on the seacoast, with Seoul, the capital, was built and its equipment ordered from the United States as a result of the far-sighted activity of an American business man. The track was the American gauge, 4.8½ inches. When this road was extended by the Japanese after their occupation of Korea the American gauge was still used, and when the South Manchurian railway was linked up with it the American gauge was continued. American locomotives and rolling stock have accordingly a preference in that market, and the bulk of the equipment is manufactured in the United States.

Possibly one of the most severe tests for good packing was endured by a case containing a locomotive packed by an American firm. The lack of land-locked harbors on the West Coast of South America compels the discharge of cargo in open roadsteads. The rise and fall of lighters renders arduously dangerous the unloading of heavy merchandise. Nevertheless, when a case containing a locomotive cab and locomotive parts went overboard as a result of improper handling, it floated. The tide swept it out to the Pacific for several miles before a tug could overtake it, but it was towed back and finally landed with the contents unimpaired. The examples of brilliant enterprise in American export trade are too numerous for unabridged reference here.

AMERICAN MANUFACTURES GAINING GROUND

To mention only a few, there was a time when hardly an American shoe could be sold in Europe. With one exception the markets were protected heavily by tariffs which seemed unsurmountable. Before the present war broke out American boots and shoes were established as firmly in Europe as in their own country. This astonishing result was obtained by supplying a good quality, selling it at a uniform price and by proper advertising. The whole system of window dressing formerly practiced in Europe was revolutionized. Before the war American shoes could be bought all over Europe, and one firm not only exports shoes, but sells them at retail throughout the world.

Another American industrial product which has been handled well in the foreign trade is the typewriter, the sales nearly trebling from 1905 to 1913, when they totalled approximately \$12,000,000. The usual practice followed, and very much commented on by type-

writer makers in other countries was that of creating general agencies in each country, which in turn employed sub-agencies. The tendency in all cases seems to have been to keep the conduct of the business in the hand of the manufacturing firm in America. A notable success was gained by the cash register. This has been a work of business education as salesmanship. The advertising methods used by the leading cash register manufacturers was a decided novelty for Europe.

Americans have revolutionized the machine building practice of the world. The efficiency of a file, for instance, depends upon its being mechanically true, and therefore its manufacture by machinery is more perfect than by hand. At a time when the European hand-made files were sold throughout the world, American file making machinery was produced which made possible the production of files in great quantities, all of even quality, and the capture and permanent occupation of many foreign markets.

The name of a certain American sewing machine is known all over the world. This result was obtained by a careful improvement of the opportunities offered in each country. Shops were opened in the leading cities of the world. Special agents calling on possible buyers from house to house canvassed even the smallest hamlets everywhere. Special exhibitions were made in the smaller cities, where it did not pay to establish a shop. The liberal sales terms offered, including installment payments, and the great publicity carried on, has made the worldwide distribution of this machine one of the big successes of American foreign salesmanship. Other companies have also carved out a business in regions where only thread and needle were previously known.

The system of opening special shops and conferring on them an exclusive retail agency has also been used abroad in the introduction of a well-known camera. The first impetus to the foreign distribution of that particular camera was given by the American tourist traveling abroad. Having become accustomed to it at home, he naturally tried to buy it and the required supplies when abroad. In this way every American tourist became a walking advertisement for that camera and its supplies, and practically had introduced the firm's name before it began to operate in foreign markets.

The list of these smaller manufactures introduced by American enterprise, energy and methods into the foreign markets could be continued easily to a considerable length. It includes safety razors, watches, fountain pens, vibrators, and many more articles of

which America either has been the originator or which were manufactured with special advantage in our country. In each case they have been introduced with good result, the best proof of which is possibly the fact that there has not been any waning in their popularity abroad.

EXPORT HANDICAPS

The problems which have to be solved by the American manufacturers in exporting are often made more difficult than those of the exporter of other countries. The export trade of Europe is supported by the existence of regular shipping lines, freight rates, especially made to suit the European export trade, and a vast banking organization. What complicated methods must often be used by American exporters to overcome these impediments may be seen by the following, written before the war began:

"To reach Vancouver, our steel exporters were confronted by a railroad freight rate from Pittsburgh to Vancouver of \$18 per ton, while the English steel manufacturer could reach Vancouver on already established lines of steamers from Liverpool to Vancouver at \$7 per ton. When his steel reached Vancouver the English manufacturer paid one-third less of the preferential Canadian tariff than the American manufacturer.

"The result of these adverse conditions was that it was impossible to do much business unless the American firm itself established a line of its own steamers from New York to Vancouver through the Straits of Magellan. The line was started. It is the only one from New York to Vancouver.

"These four vessels of the company call en route at many ports on the west coast of South America and Mexico and at some ports which have no regular steamship line. In addition to carrying the steel they have been carrying considerable quantities of material for other manufacturers in this country who had been unable to develop a business because of the lack of facilities.

"In order to obtain return freight the steamers have to load at Vancouver with lumber or coal for the Gulf of California. There they reload with copper matte for Dunkirk, France, and in France they take on chalk for New York.

"The whole triangular trip occupies from seven to eight months, and shows the hitherto unused methods and the continuous sustained effort that must be made to get and hold foreign trade. By

like effort trade suited to the varied needs of various countries has been built up."

The largest foreign trade done by a single company is that of an American steel company which has its agents, warehouses and salesmen throughout the world, its ships on every sea, and was one of the first to consider foreign markets as primary markets, not merely secondary outlets in dull times.

Viewing the progress made by American manufactures abroad it has to be kept in mind that it was not gained because the American article was cheaper than that offered by our competitors. As a rule, taking article for article, that of American manufacture is more expensive than the European. If the foreign buyer, therefore, has turned to American goods in preference of others he must have found certain merits in them which could not be found in others. Otherwise, it would be difficult to explain why, for instance, the German manufacturer should give preference to an American machine tool costing double the price than a similar machine if bought from a German maker. Of this there are actual examples.

SOME SUCCESSFUL METHODS

American manufacturers of electrical machinery and equipment and mining machinery have advanced their export trade by a high degree of technical investigation and salesmanship. The Chicago meat packers not only export but have given Argentina one of the chief sources of its wealth, the chilled meat industry. A fruit company of Boston revolutionized the fruit business of Central America and offers one of the world's leading examples of extensive foreign trade based on investment, exporting, importing and transportation.

In general merchandizing as well as manufacturing brilliant examples of success are to be found. Comparatively few manufacturers sell abroad exclusively through their own representatives. A large amount of export of both natural and manufactured commodities is through export merchants and commission houses, the variety of whose business embodying financing, merchandizing and shipping is little appreciated. The most progressive of these houses have perfected technical as well as general salesmanship, permitting the introduction of highly finished machinery. Importation is a large part of the business of houses of this class. Their adaptability is perhaps more apparent when it is remembered that while the English or German exporter sells largely to his own nationals

oversea the American exporter lacks the encouragement of large American colonies throughout the world. They do not exist. Generally speaking, he sells to everybody but Americans and by and large does it well. The blunders are mostly made by those who do not seek the advice and profit from the experience of other Americans. It is safe to say that no question of practical foreign trade can be asked in this convention to which some delegate cannot give the answer.

In the face of all this evidence it seems that the cases which have found so much undesirable publicity recently are rather the exception than the rule, and that American export methods, even if we do not want to claim them better, certainly are not inferior to those employed by other countries. That so many American manufacturers have succeeded in building up a foreign trade carrying their goods all over the world should be an example to others. It shows what has been possible by perseverance even in the face of great obstacles.

PRESIDENT JOHNSON: The following telegrams have been received:

“Washington, D. C., Jan. 24-25, 1917.

“J. A. FARRELL,

Chairman, National Foreign Trade Council, Wm. Penn Hotel,
Pittsburgh, Pa.

“One of the most important questions to be settled immediately is the problem of foreign exchange between the United States and a good many neutral countries like Spain, Switzerland, Holland, Norway, Denmark and South America. A dollar bill of exchange in Spain is selling to-day at a discount of ten to fifteen per cent. The leading international bankers in America have not been able to handle the situation satisfactorily. With a most remarkable record of a trade balance of over three billion dollars in our favor for the year 1916, the dollar bill of exchange in every foreign country should sell at a premium over and above its gold par value; instead of that, it is obtainable at a discount of ten to fifteen per cent, which is greatly interfering with the importation of food-stuffs and other commodities from these neutral countries and also interfering with those who are ready to invest American funds in these foreign countries. It is a question of utmost importance and we earnestly trust you will bring up this subject for a full discussion before the National Foreign Trade Council. How is

it possible for American foreign trade to grow, if American bankers are not protecting the value of the dollar bill of exchange in these foreign countries? Mr. Frank A. Vanderlip, who is attending the Convention, is familiar with this subject and can explain all the details to you. Spain, for instance; a peseta has a fixed gold value of 19.295 cents. To-day it takes 21 to 23 cents American money to buy a peseta. On imports of twenty-seven million dollars it means that at an average price of twenty-two cents a peseta, the importers will sustain a loss of four million dollars. It is the duty of the national bankers who can remedy the situation to immediately take a hand and remedy this most extraordinary condition or appeal to the United States Government through the Federal Reserve Board for proper assistance.

"THE POMPEIAN COMPANY,
"Olive Oil Importers, Baltimore, Md."

"Baltimore, Md., Jan. 26, 1917.

"Presiding Officer,
National Foreign Trade Council,
Hotel Penn, Pittsburgh, Pa.

"*If we wish to sell our goods abroad we must in turn purchase,*" is very true, but the exchange between the United States and a good many neutral countries should justify importers in bringing foodstuffs and other commodities over. War insurance risks should be reasonable so as to justify large importations of foreign foodstuffs and commodities.

"The National Foreign Trade Council should take a hand immediately in remedying the most extraordinary condition as is prevailing to-day and which is making it very hard for American importers to bring over foodstuffs and commodities from the few neutral countries abroad.

"Hon. David Lloyd George properly said recently: 'In the absence of exchange facilities goods can neither be imported nor exported in any appreciable quantity.'

"The National Foreign Trade Council at the Convention should discuss this matter thoroughly and endeavor to remedy the abnormal exchange problem that has depreciated the value of the dollar bill of exchange abroad and the problem of high war insurance risk which makes it almost prohibitive to import goods from foreign countries.

"THE POMPEIAN COMPANY,
"Olive Oil Importers, Baltimore, Md."

PRESIDENT JOHNSON: Mr. John Clausen, Manager of the Foreign Department of the Crocker National Bank of San Francisco, will speak to us upon the subject referred to in the telegram just read.

JOHN CLAUSEN, Manager, Foreign Department, Crocker National Bank, San Francisco, California: The subject presented in the telegram is indeed of great interest and I believe it to be a matter of vital concern to bankers and merchants alike.

If we take the condition now existing in Spain as an example, we find that the United States dollar is normally quoted at \$19.20 for each Pts. 100.—as against the rate prevailing to-day of \$21.00 to \$21.25, and there is clearly demonstrated, due to this rise in exchange, a disadvantage to the American merchant when trading with that country. This, however, is a situation unique in itself which cannot readily be removed when the trade balances of our respective countries—as at present—are not equalized, and the shipment of gold for liquidation obviously prevented, principally by reason of prohibitive insurance rates.

The lack of adequate banking facilities and direct affiliations with financial institutions in that section presented the same obstacles even before the war, although our methods for financing trade with Spain were mainly then effected over London on account of the favorable market for the negotiation of the Pound Sterling in that country. Bankers and merchants alike carried two accounts in Spain—in Pounds Sterling and in Pesetas—making occasional transfers as the market favored one or the other commodity, from which it may readily be inferred that there existed for the merchant a possible exchange profit over and above that of the commercial transaction.

The American Dollar bill did not figure to any appreciable extent as a medium of exchange for import and export trade, and I am under the impression that this may be the situation to-day, when for lack of banking facilities, organized to promote American interests, our trade is necessarily financed over centers and in currencies with which the merchants of that country are more familiar.

It seems to me that the difficulties at present confronting us rest for solution not alone with the bankers but principally with the merchants who may have anticipated the new order of things by consummating commercial operations in United States Dollars, especially with countries with which trading is rather one-sided,

instead of accepting an as yet unaltered situation for financing in Pounds Sterling or Francs, as the case may be.

It is of course the desire of every American to place the United States Dollar on a plane of vantage when entering international trade, but the fact must not be overlooked that world-wide trade and finance are in an abnormal state and it does not seem practicable at present to force an issue when dealing with countries where trade balances cannot be liquidated along feasible lines.

While I have not given the subject especial study, it occurs to me that if we desire trading to be carried on in United States dollars, there may be a possibility of liquidating trade balances between Spain and the United States over countries in Latin-America. If, for instance, Cuba has a favorable trade balance with Spain and the former's be unfavorable with the United States—assuming that the financing of commerce between all three countries is carried on in United States dollars—this country might well liquidate its balances in Spain over Cuba, which would very logically uphold the value of the American Dollar, and perhaps place it at a premium. This method would likewise be followed with any country in South or Central America similarly operating, incidentally serving to strengthen the bonds of commerce and friendly relations between the Americas.

Having lived in Cuba and other Latin-American countries, I have had an opportunity to observe the extensive trade which is carried on with Spain—principally due to the kindred population—and I am convinced that the difficulties brought to light in the telegram read before your audience, may be overcome in the manner to which I allude.

A situation such as this can of course not be changed overnight and necessarily calls for the combined co-operation of bankers and merchants alike in both countries to bring about closer and more intimate relations. Very few banks in the United States at present even maintain a direct account in Spain and the Peseta is consequently a commodity rarely dealt in here, which naturally must have a corresponding effect as regards the dollar in Spain. We need American Branch banks in that country to promote and properly care for growing American trade, and it is gratifying to learn that a step in this direction seems to have been taken by several progressive institutions in New York who now have representatives looking over the field with a view of later establishing permanent offices.

I do not know whether I have clearly presented the subject, but if our trade balances with Spain can be equalized—or if unfavorable—liquidated over a country where the Dollar is favorably quoted, it will tend to solve the problem of the discount mentioned, and not necessitate the financing of our commerce in other currencies than our own. (Applause.)

With the courteous permission of your Chairman, who has privileged me with a "few moments," I wish to present a subject very near to my heart and, as I see it, of great interest to all of us, namely, that of educating the young man towards more direct business training especially in the foreign field.

We may all think and talk about greater foreign trade and greater prosperity, but the greatest prosperity and the greatest foreign trade can in my mind best be brought about if we have men properly equipped and qualified to carry out our mission in the foreign field.

I have had an opportunity for close study of this question from the viewpoint of a banker and when directing, as President, the San Francisco Chapter of the American Institute of Banking—which constitutes an organization of some 1,200 ambitious bank men brought together for the purpose of educating themselves along the lines of their chosen vocation—I find a keen interest and desire for better business training especially with reference to foreign trade.

The necessity for educational preparation to that having a direct bearing upon the commercial life of our country, is a matter of great importance particularly at this period when entering upon a world-wide struggle for trade. Take for example a young man coming out of school, fourteen, fifteen or sixteen years old,—tell me, frankly, what does he know about business and what has he been taught of commercial life during his term of school? He leaves his place of learning unqualified to serve his employer who necessarily must carry him along at a loss for several years. The American Institute of Banking believes it is remedying this situation as far as the banking element is concerned, but where do we find like organizations for the commercial man to educate himself under such favorable conditions with virtually the only outlay—his time.

I would ask you gentlemen to take this message home with you, if you will. To effectively take our place in world's trade, we need not only an efficient banking system and a well-equipped

merchant marine, but more especially scientific commercial education. This is especially felt in training for foreign service which is a matter of great importance, particularly at this period when entering upon a world-wide struggle for trade.

Our attention is directed to the present school system and its apparent inadequacy for special commercial preparation and direct business education. Such training has grown insistent and its necessity is clearly evinced by the ever-increasing demand for capable young men to fill the places made necessary by the new order of things, not alone in our domestic sphere but particularly in representing American interests in foreign fields.

I plead with you to use every effort for the encouragement of these early studies and to formulate a national system for carrying out that education in our country which has been so effectively promulgated in Germany, France and England, and you will then have the material to bring to our shores "greater prosperity and greater foreign trade." (Applause.)

CHANCELLOR S. B. McCORMICK: I was pleased to hear these words coming from a practical man, for I believe that there, as he says, lies the progress and prosperity of foreign trade.

Mr. D. F. Webster, Manager of the Pacific Commercial Company, desires to address the Convention briefly upon the subject of cable service.

D. F. WEBSTER, representing San Francisco Chamber of Commerce, San Francisco, Cal.: There is one subject that has not been referred to during these sessions, and that is the inadequacy of the present cable service to the Orient across the Pacific. Messages at the present time are delayed at least eight, and frequently twelve, hours from what they were a year ago, and since these delays occur both to the incoming and outgoing cablegrams, it means a serious handicap to the export business, as the majority of business is handled on options. Due to the congestion on the present cable, however, mutilation of the messages is of frequent occurrence, necessitating the message being repeated, and it often happens that the option has expired before the repeated message is received.

The cable company states that the delay and unsatisfactory service are caused by the immense volume of business passing over the cable. I understand that the cable company is not willing to lay another cable due to the possible competition from the wireless. As the wireless extends at the present time only to Japan,

I would suggest that an investigation be made by a committee to see what steps can be taken to relieve the present unsatisfactory condition of affairs, and what provisions can be made to furnish adequate service in the future, in view of the increasing Oriental business with the United States, which shows every indication of further expansion rather than contraction after the war.

PRESIDENT JOHNSON: We will now receive the reports of the Group Sessions.

REPORT OF MR. C. E. THOMAS, CHAIRMAN, GROUP SESSION NO. 1, ON "FOREIGN CREDITS"

The National Foreign Trade Council cordially welcomed the co-operation of the National Association of Credit Men in arranging a foreign credit conference at this Convention. The group conference was well attended, and the subject thoroughly and freely discussed.

It was the unanimous conclusion that the development of a large export trade is dependent upon the establishment of a foreign credit system. Though there are facilities at the present time for gathering information, yet there is not the system and order that prevail in the granting of domestic credits. The present facilities are not sufficiently extensive or automatic. It was the opinion of the conference that there is a strict need for a system for the granting of foreign credits.

The elementary necessity in the development of a foreign credit system is co-operation. That was the first letter of the domestic credit alphabet. Co-operation is not mere talk, but is action. When business men get together they do a great deal of talking, but in order to accomplish something it is necessary to act. On that basis will be built up interchange and other channels of information for guiding the seller in the selection of the safe credit risks. The exporter cannot regard his experiences and information as an asset, and to be held exclusively within his own enterprise. That was a theory a quarter of a century old, and when it was exploded there developed a domestic credit system. Information or experiences are only assets as they are interchanged, for each unit given will bring many units in return. What is to happen will depend on the willingness of exporters to contribute what is necessary to the upbuilding of a foreign credit system.

REPORT OF MR. H. C. LEWIS, ACTING CHAIRMAN OF GROUP NO. 2, ON "CO-OPERATION IN FOREIGN TRADE"

The desirability of the introduction of the establishment of the Metric System was discussed and the opinion of those participating in the discussion was apparently unanimous in its favor.

Lack of co-operation in the export shipment of flour, which has resulted in the curtailment of the export trade of this important commodity was also considered, together with other problems all exposing the difficulties which develop from imperfect organization and the present absence of co-operation among merchandising, manufacturing, transportation and banking elements in foreign trade.

The report of the special committee on "Suggested methods of co-operation in Foreign Trade," pointing the way to defective employment of the provisions of the Webb bill, if it is passed, was placed before the group. The necessity of co-operation among American exporters was manifested by a large number of those in attendance, representing widely different lines of production and commercial activity. Some misunderstanding of the purpose and results of the Webb bill was, apparently, based upon lack of familiarity.

While, in conformity of the convention no resolutions were adopted, the preponderant expression of the sentiment of the group favored the early enactment, in principle, of the Webb bill in order that American exporters might be placed upon an equal footing with their competitors in a national trade, who are not only permitted but encouraged by their governments to co-operate.

REPORT OF MR. H. K. MULFORD, CHAIRMAN OF GROUP NO. 3, ON "PROBLEMS OF THE SMALLER MANUFACTURER AND MERCHANT"

The problems of the smaller manufacturer and merchant were considered in four interesting sessions and "the typical questions practically answered," were discussed at length.

It is the opinion of the Chairman that the excellent presentation of the problems embodied in the circular should be given wide publication.

So many phases of the problems confronting the smaller manufacturer—and also the large manufacturer—are suggested and discussed that its general distribution would contribute invaluable information at the same time suggest certain phases of export business that could with advantage be applied to domestic commerce.

The general discussion could not with any degree of success be limited to the different queries on account of the close association of the problems presented.

The following suggestions were made:

That the members of the Foreign Trade Council request the Bureau of Foreign and Domestic Commerce to furnish more detailed statistical information concerning the different classes of merchandise and manufactured products exported into foreign markets.

That Congress be memorialized to increase the appropriation to the Bureau of Foreign and Domestic Commerce in order to provide for increased assistants in the Department, and to appoint a greater number of commercial attachés, owing to the increased demands made upon our Consuls and Consular agents, due to their largely increased duties following their appointment to represent the interests of the various nations now in conflict, and the enormous increase in the volume of export business for the United States.

Further, that the Bureau of Foreign Commerce be earnestly requested to give greater consideration to the business experience, commercial qualifications and social standing of the applicants as Commercial attachés than to the academic and scholarly attainments. An active, energetic representative with good business training, experience and of pleasing personality, speaking the language of the country to which he is to be appointed, will be of much greater service in sensing business opportunities for the United States merchant or exporter, than the educated theorist.

It was felt that while the smaller manufacturers might with entire safety join with other manufacturers in co-operative export work, even though they might be in competing lines, as such combinations could not in any way be in restraint, but for the increase of trade and commerce, this co-operation, however, cannot be carried out to full advantage until the Webb Bill is passed.

The preponderance of evidence appeared to favor direct representation wherever it was possible to organize an efficient Foreign Department in one's business, rather than by representation through

the foreign commission agency, but where such a department could not be established or maintained, co-operation through a carefully selected and responsible agency is recommended.

It is advisable before entering the foreign market to have a careful study or survey made of such market contemplated in order to learn the needs, the customs, and any peculiar condition that may exist. Where this study cannot be made by a personal representative with excellent judgment and wide experience, special reports are available in many instances or information may be obtained through our consular service, Bureau of Foreign Commerce, commercial agencies, the Philadelphia Commercial Museum, United States Banks maintaining foreign branches, many of whom possess accumulated valuable data, or who will be glad to secure such information from their correspondents.

In selecting salesmen, careful consideration must be given—

1—To appointing only thoroughly trained and well tested men.

2—To develop such either from your existing organization by special study of foreign business and their learning the language of the country in which they propose to travel.

3—If foreign representatives are selected, see that they—

(a) Are brought into the business and learn the lines.

(b) See that they prove trustworthy, are persistent, possess ability, are of good moral character, will follow instructions, are hard workers, and will conform to the rules of the house. A man who will not keep step or make good in the home office cannot be expected, nor will he make good, thousands of miles distant.

Support your salesmen, or your export commission agent, or your resident agent, in every possible way. Be liberal in expense allowances to your representative if you know he is reliable; if not, keep him at home. Provide him with a liberal letter of credit, and be sure that he has at all times ample funds to meet one or two months' disbursements. A missed steamer connection sometimes causes a delay of a month in the delivery of mail. Nothing takes energy out of a man in foreign countries more than to be continually short of funds. It robs him of energy, initiative, and will bring on homesickness, besides which special occasions may occur where unexpected expenses are absolutely necessary.

It is much more economical, and it is far better business, to

dismiss a possible salesman during his probational study, or apprenticeship, than to be subjected to the expense of an incompetent.

In a joint selling, or a co-operative sales campaign, it would seem highly desirable that non-competitive lines be joined that may be handled by the same dealer. An illustration was given of six concerns engaged in hardware specialties and small tools, whose net profit on sales closely approximated each other, where division of expense was made in proportion to the percentage of the volume of business transacted by each of the participants.

Where arrangements are made with export commission houses, it seemed advisable that no exclusive sales contract be entered into without such contract specifically gives the right to cancel unless business of a satisfactory volume be secured. It is seldom that any commission house can give any lines full justice in every country, and a responsible commission house will be glad to give up an account not yielding good business.

It is unfair to expect the exporting house to do the share of the work that should be done by the manufacturer, who must render full share of assistance.

Proper samples, illustrated literature, embracing attractive catalogues, printed in the proper language, giving accurate and full detailed information, costs, either f. o. b. or c. i. f., furnish quick and full reply to inquiries; fulfil completely your promises. Translations must be accurate and complete, since what may appear trivial to you, with complete knowledge of your goods, will in many instances prove highly essential and necessary to the foreign buyer.

Quote weights and measures, dimensions in terms of the metric system. In this connection, it behooves the American manufacturer to use his full efforts in requesting the adoption of the metric standards of weights and measures, for use in domestic as well as in export trade. Remember that practically in all transactions abroad the metric system must be used.

While it is desirable to secure cash against documents, you will find the foreign buyer guards his credit with the same care as the domestic customer.

After credit information is secured it is quite as safe to ship with bills drawn against documents, giving a liberal time for payment, as to grant time credits in the United States. A liberal cash discount should be offered for payment against documents.

Trade acceptances in export are negotiable either through your

bank, or through such banks as the National City Bank of New York, the Mercantile Bank of the Americas, whose information in foreign credits can be used in forming your basis for credits.

In conclusion, should you develop your own export department, don't expect quick returns. The building up of a foreign business is of slow growth, but when it is entered into with the same care as exercised in cultivating an exceptionally profitable territory, the results will be highly satisfactory.

In entering the export business, go in to stick. Win the confidence of the foreign buyer by the quality of your goods, quality of service, and absolute fair dealing.

REPORT OF MR. LEWIS E. PIERSON, ACTING CHAIRMAN, GROUP NO. 4, ON "BANKING AND INVESTMENT"

Group No. 4, dealing with questions of banking and investment, met on Thursday, January 25, 1917, at 4:30 P. M. Festus J. Wade, President of the Mercantile Trust Co. of St. Louis, opened the meeting as Chairman, but was compelled to leave before the session was over, and Lewis E. Pierson, Chairman of the Board of the Irving National Bank of New York City, was chosen as chairman in his place.

There were about ninety delegates in attendance and much interest was displayed. All sections of the country were well represented, and there were delegates present from Peking, China, and from Tiflis, Russia.

The chief topics of discussion were the extension of credit to the fullest extent to foreign nations in order that the foreign trade of this country may be still further developed, the suggestion that it might perhaps be advisable for the bankers of the United States to furnish a portion of the exchange required by European countries by the purchase of their foreign public utilities and industrial properties in other countries, the advisability of changing the drawing of bills from sight to *date*, and finally, the giving of aid and support to China by investing in that country's public utilities and other government industrial developments.

It was the sense of those present that the merchants, manufacturers and financial institutions of the United States should be encouraged to extend credit to foreign governments to the fullest extent in order that the trade between their countries and this na-

tion may be further developed, bearing in mind that such loans should be based upon the wealth of the borrowing nation and be paid in the American dollar in the United States of America.

It was also the consensus of opinion that the National Foreign Trade Council might find it an advantage to American manufacturers to call to the attention of the bankers of the United States the desirability of furnishing a portion of the exchange required by European countries through the purchase on a revenue basis of public utilities and industrial properties in countries outside the warring nations, and owned by the belligerent nations, in order to continue to permit purchases from our manufacturers of materials and supplies which exchange collateral loans may not provide in sufficient volume. The sale of such properties would also act as a safeguard to European interests in not basing all their finance on short term collateral loans.

This point was also brought out: The basis of foreign trade is credit. As long as we are afraid to trust foreign investments, so long will we lag in foreign trade. We do not sell to others because they love us, and others do not buy because they love us—the interest must be mutual.

It was also suggested that our people should regard our government as prepared to support their investments abroad in every legitimate way, but that bankers ought not to go into foreign business with their clients' money and expect the Government to collect debts.

The sentiment was strongly expressed that Government support does not necessarily mean Government collections.

The question of the extension of our trade with Russia and China was also discussed at some length, and the statement was made that in Russia various municipalities are engaged in the construction of water works, tramways, slaughter houses, etc., by the issue of city bonds negotiable abroad, and the suggestion was made that our influence would be materially extended in Russia should our investors take up bonds of this character.

Referring to conditions in China, the statement was made that China is looking to this country for help in the way of credit, and that prospects for trade there are tremendous. China needs the money for railways and other public utilities; her credit is good. China expects the United States to supply manufactured products, food stuffs, etc., especially during the present war, but that our people seem too busy to pay much attention to the needs of China.

In calling attention to China's credit, the statement was made that Japan owes five times more to foreign countries than does China.

REPORT OF CHANCELLOR S. B. McCORMICK, CHAIRMAN OF GROUP NO. 5, ON "COMMERCIAL EDUCATION FOR FOREIGN TRADE"

The Chairman of Group Five, Commercial Education for Foreign Trade reports:

1. That the meeting was held on Thursday evening in Room 1668, altogether too small for the number who crowded it to the doors. It is unfortunate that a larger room could not have been assigned for the meeting of this Group.

2. That the prepared papers were of a uniformly high order and with the result that a quite remarkable interest was developed in the discussion which followed.

3. That the general discussion in which such men as Mr. J. J. Arnold of Chicago, Mayor Fitzgerald of Boston, Mr. Hinckley of San Francisco, Dr. Blakey and Dr. Holdsworth of Pittsburgh, Mr. Zucca and others participated was carried on until 10:45, at which time the meeting was brought to a close.

4. It was suggested that co-operation between the foreign trade council and the colleges and universities in fostering and promoting commercial education for foreign trade was desirable. Mr. J. J. Arnold, President, First National Bank, Chicago, and a member of the National Foreign Trade Council, desired to have this suggestion transmitted to the Council.

5. While some of the speakers felt that the facilities in the use of modern languages are advisable and advantageous but not necessary, yet the Chairman may interpret the opinion of the audience as believing in the necessity of these languages in order rightly to interpret and come into cordial and sympathetic relations with foreign people.

6. That the papers and discussions formulated what the business world demands of schools and colleges in the way of education for foreign trade.

7. That the schools and colleges, especially the universities which have schools of commerce and economics, are awake to the demands upon them in preparing men for service in foreign trade and commerce and are working out curricula with a view of enlarg-

ing efficiency in this work. They can confidently be counted upon to meet every demand which will be laid upon them.

REPORT OF MR. WELDING RING, CHAIRMAN, OF GROUP NO. 6 ON "FUNCTION OF THE EXPORT MERCHANT AND COMMISSION HOUSE"

Group Session No. 6, on the Function of the Export Merchant and Commission House, was held with a large and representative attendance both of the exporting interest and the home manufacturer. There was a thorough and spirited discussion of the whole problem of export trade from both viewpoints, bringing out much that was mutually helpful, and emphasizing the important service rendered the manufacturer through the mediation of the commission house in securing orders for his products and financing his foreign business; a service which in many cases he would find it difficult if not impossible to forego.

The session was presided over by Mr. Welding Ring, of Mailler & Quereau, New York, the secretary being Mr. Wilfred H. Schoff, of the Commercial Museum, of Philadelphia.

On the part of some manufacturers it was shown that their foreign trade justified the expense of foreign selling organizations which made them largely independent of the merchant, whose help, however, they always welcomed from any field, and often assisted through advertising of local promotion of various sorts, designed to stimulate orders through commission houses; while smaller manufacturers, or those producing specialties not justifying such methods of sales promotion, depended on the merchant to keep them in connection with the best foreign demand, to forward their merchandise to destination, and to finance their business.

It was noted that the lines of manufacturers most apt to seek direct communication were the basic necessities which largely sell themselves, and the highly technical products requiring special knowledge for their marketing; while the great run of standard products, more concerned with the home market than the foreign, was distinctly benefited by, and quite generally dependent upon, the export house for a foreign outlet.

American manufacturers were urged to be more careful in following instructions as to packing their goods, the profits on a trade often being lost through freight charges on unnecessary steamer space; and particularly to protect both themselves and their

reputable foreign customers by establishing such export selling prices as to prevent the dubious dealings of the mere "commercial adventurer."

The fairness of maintaining commission allowances on foreign business received through the stimulus of the export house, even if not actually transmitted through it, was discussed and recognized.

Cooperation between manufacturer and merchant through the promotion of foreign demand by travelling agents was discussed and declared to be always welcome, and the often-cited unwillingness of the commission house to disclose the destination of the goods was stated not to be in accord with the practice of reputable firms.

While it was admitted that changing conditions of domestic business would tend to bring some large manufacturers into direct foreign trade in their own lines, it was the sense of those present that there is plenty of room for cordial cooperation with the export house, and that the number of manufacturers dealing direct will be relatively small in proportion to the total, and more or less variable according to fluctuations in home demand; and that the middleman is, and always will be, a very useful factor in the foreign commerce of the United States.

The session closed with an earnest plea from the Chairman to manufacturers in general, to "do justice to their own goods" by close study of foreign requirements, by scrupulous care in complying with the customer's tastes and necessities, by continuity in selling policy, and more important perhaps than all, by keeping at their export accounts no matter what the condition of the home market; for an export outlet sought only in times of starvation or less at home is usually nothing but a make-shift, in which friends are not made or customers made secure.

PRESIDENT JOHNSON: Next is the report of the General Convention Committee. You will recall that this committee has been constituted as broadly as possible geographically, and touching the different elements in foreign trade. In every way it has been sought to make this committee representative of the entire Convention. Mr. Farrell will now present this report.

For Report see FOREWORD, pp. ? .

PRESIDENT JOHNSON: The question now is upon the ratification of the report of the General Convention Committee.

(The question was put and the report was unanimously adopted.)

J. J. DONOVAN, Bellingham, Wash.: It gives me great pleasure, Mr. Chairman, as one of the delegates from the Pacific Coast, to say very briefly a word of appreciation of the treatment we all have received at this Convention, of the hospitality of the City of Pittsburgh, the fairness that has been shown us in all our dealings,—and I hope only that next year we may have an opportunity on the Pacific Coast to reciprocate, in some measure, the many welcomes that have been given us here.

I wish to express, not only for the Pacific Coast, but for the whole Convention, our appreciation of the work of our Convention Chairman. (Applause.) It is not a small task to weld into a harmonious whole a gathering of more than a thousand men from all sections of the Union, and one woman—(applause)—to agree, if you please, on great matters of importance for our future welfare, and to do it in such a manner that we all felt that with dignity, with courtesy, with fairness, you have conducted this business in a way which we are all proud of, and I wish, sir, to thank you. Mr. Alba B. Johnson, of Philadelphia, deserves the thanks of this Convention. (Applause.)

H. G. HERGET, Pekin, Ill.: Mr. Chairman, I wish to submit this motion:

It is moved that the members, individually and collectively, of the Fourth National Foreign Trade Convention, herewith express to the Pittsburgh Committee of the Convention their profound appreciation of the cordiality given them, the inspiration derived from the vitality of Pittsburgh industries and commercial enterprises and the efficiency which has characterized the arrangements.

The thanks of the Convention are extended to Mr. J. Rogers Flannery, Chairman of the Executive Committee and Chairman of the Pittsburgh Foreign Trade Convention, who extended the invitation on behalf of the interests in Pittsburgh, supported by the Mayor of the city and the Governor of Pennsylvania.

To the Committee on Arrangements, headed by Col. H. P. Bope, Mr. Chas. L. Wood, as Secretary; Mr. W. C. Carroll, in charge of registrations, and Mr. A. M. Harper, in charge of the banquet; Mr. G. T. Bailey, in charge of the hotel arrangements; Mr. J. T. McLain, in charge of automobiles; Mr. R. J. Adams, in charge of ladies' entertainment, and Mr. John F. Hazen, in charge of tours to the Pittsburgh industries—the grateful appreciation of the Convention is hereby expressed, as well as to the ladies of

Pittsburgh for their gracious hospitality to those accompanying delegates; and also to Mr. J. J. Nordman, Secretary of the Pittsburgh Foreign Trade Commission and Secretary of the Pittsburgh Executive Committee for his highly efficient service in charge of publicity.

To the Westinghouse Electric & Manufacturing Company, the American Window Glass Company, Pittsburgh Coal Company, the H. J. Heinz Company and the Carnegie Steel Company, is now returned the thanks of the Convention for their entertainment of delegates at their great plants.

To the Press of Pittsburgh for its generous comment upon and display of the news of the Convention, marked by the characteristic enterprise in Pittsburgh journalism, the thanks of the Convention are due and hereby extended, and appreciation is expressed of the attendance and interest of a large number of correspondents of newspapers in other cities and of the great trade and business publications."

PRESIDENT JOHNSON: Gentlemen, you have heard the motion, those in favor will say aye. (Unanimously carried.)

PRESIDENT HERGET: Mr. Chairman, I have another motion.

"It is moved that the thanks of the Fourth National Foreign Trade Convention be and is hereby extended to Mr. Alba B. Johnson for his able and courteous service as President of the Convention, to which its steady progress and success of the Sessions is largely due." (Unanimously carried amidst applause.)

PRESIDENT JOHNSON: Gentlemen, I thank you for this token of your good-will. I want to say that attendance upon the Convention of the National Foreign Trade Council is one of the pleasures I look forward to with keen interest each year; and I know of no association I have which gives me more real pleasure, in which I take a keener and deeper interest than the activities of the National Foreign Trade Council. I thank you very much.

MR. HERGET: I have one more motion:

"It is moved that the thanks of the Convention be extended to all the gentlemen who officiated as Chairmen of the Group Sessions—to the officers of the United States Consular Service, the Department, Bureau of Commerce, the Pan-American Union and the International High Commission for their attendance and diligence and consultation with delegates; and that appreciation be also extended of the services of the volunteer trade advisers who

have, so far as time permitted, generously put their experience and judgment at the disposal of delegates." (Unanimously carried.)

MR. H. C. LEWIS: We all want to pay our debts. Sometimes we cannot pay everything in a moment. It is a desire always to make a payment on account, and I am going to make a motion for the partial payment of a debt we owe. "Moved, that in realization of the obligations the delegates of this and former Conventions to Mr. Robert H. Patchin, Secretary of the National Foreign Trade Council, the very special and grateful thanks of this Convention be tendered to Mr. Patchin for his unusually conscientious and intelligent work, as well as his consistent courtesy."

(Unanimously carried.) (Applause.)

MR. J. S. LAWRENCE: May I ask a rising vote of thanks for our Chairman, Mr. Farrell?

(A rising vote of thanks was then offered Mr. Farrell.)

MR. ROBERT H. PATCHIN: I greatly appreciate the compliment paid me, but I cannot accept it without telling you very briefly that a large share of the credit for what has been accomplished is due to those who are on the staff of the Foreign Trade Council—who work with me. Miss Blascoer and Mr. O'Neill, who are the Assistant Secretaries of the Convention, have been very efficient. The physical arrangements for this Convention, as well as the cordial invitation which brought us here, and the support which has been given us, are due to the very efficient Pittsburgh Committees in charge of those arrangements. They have provided the greater part of the staff, and the members of those staffs have served long and faithfully. The directors of the work, and the gentlemen whose names have been read, have served voluntarily, and they have given to that work the same thorough industry, enterprise and intelligence that makes them successful in their own business. The true secret of the success of the Convention is the character of those who compose it. We had many trials in getting ready; the acceptances rolled in beyond our expectations; but when you delegates arrived and we saw the fine character, the serious purpose and experienced the courteous consideration which you all have displayed towards what we were trying to do to make you comfortable and keep the program moving, all the fatigue dropped away and we were imbued with enthusiasm. It is due to you and your serious purpose and your courtesy to us that the Convention has been a success.

MR. E. P. THOMAS, New York City: Mr. Chairman, I would

like to move a special vote of thanks from this Convention to the delegation from the Pacific Coast, who have come thousands of miles, to the number of one hundred and fifty, constituting practically 8 per cent of the total membership of this Convention. Many of them have given up perhaps two weeks of their time to come to Pittsburgh to express their devotion and untiring interest in the problems that confront the American manufacturer. (Unanimously carried.)

MR. PATCHIN: I wish to emphasize the reference made about the publicity and the attention and space given by the Pittsburgh newspapers and the out-of-town correspondents and representatives of the trade and business journals closely affiliated with your own lines, of business and industry for what they have done to make the proceedings of this Convention known to the outside world. The work has been far beyond any previous experience, handled with great intelligence and spirit, characteristic of Pittsburgh journalism; and it has been very largely facilitated at every point, both in the preliminary publicity and what has been done here. Mr. J. J. Nordman, a veteran Pittsburgh journalist, now Secretary of the Pittsburgh Foreign Trade Commission, worked up much of the preliminary news and has labored very generously in getting the news speedily supplied to the newspapers. There are a thousand people here, but we are reaching millions through the agency of these men whose work is wholly anonymous.

PRESIDENT JOHNSON: Gentlemen, I now declare the Fourth Annual Convention of the National Foreign Trade Council adjourned.

DELEGATES TO FOURTH NATIONAL FOREIGN TRADE CONVENTION

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Abbott, W. H., V.-P.	Wheeling Corrugating Company American Association of Sheet & Tin Plate Manufacturers.....	Wheeling, W. Va.
Acheson, Edward G.	Acheson Corporation Acheson Graphite Company.....	New York City
Ackerman, Ernest R.	Portland Cement Association.....	New York City
Adams, Eugene President	The Adams Company Iowa Manufacturers' Association.	Dubuque, Ia.
Adams, R. J., Asst. Sales Mgr...	Graham Nut Company.....	Pittsburgh, Pa.
Aerts, G. A., Export Mgr.....	Rudolph Wurlitzer Company Cincinnati Chamber of Com.....	Cincinnati, O.
Affelder, Louis S....	American Bridge Co. Pittsburgh Chamber of Com.....	Pittsburgh, Pa.
Affleck, B. F., President	Universal Portland Cement Co...	Chicago, Ill.
Agassiz, Garnault....	New Orleans Chamber of Com..	New Orleans, La.
Albaugh, George S..	Albaugh-Dover Company	Chicago, Ill.
Alcock, John L.....	John L. Alcock & Co. Baltimore Chamber of Com.....	Baltimore, Md.
Alderdice, G. F., Vice-President	The Brier Hill Steel Company....	Youngstown, O.
Alford, L. P., Editor-in-Chief ...	<i>The American Machinist</i>	New York City
Allderdice, Taylor...	National Tube Company.....	Pittsburgh, Pa.
Allen, Charles A....	American Steam Gauge & Valve Mfg. Company, Boston, Mass..	New York City
Allen, Irving N., Sec. & Treas.....	Isko, Inc.....	Detroit, Mich.
Allen, Markley.....	United Press Association.....	Pittsburgh, Pa.
Allen, R. S., Mgr., Export Dept.	The Goulds Mfg. Co.....	Seneca Falls, N. Y.
Allen, Wing B.....	South American Publishing Co...	New York City
Alter, Robert S., V.-P. & For. Mgr..	The American Tool Works Co. Foreign Trade Association Cincinnati Chamber of Com.....	Cincinnati, O.
Ames, E. W.....	American Steel Export Co.....	New York City
Anderson, Alexan- der S.....	Adams & Westlake Co. Illinois Manufacturers' Assn.....	Chicago, Ill.
Anderson, C. A., President	Pittsburgh Valve, Foundry & Construction Co.....	Pittsburgh, Pa.
Anderson, E. H., Treasurer	Pittsburgh Oil Refining Co. National Petroleum Association..	Pittsburgh, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Anderson, H. C.....	H. J. Heinz Company.....	Pittsburgh, Pa.
Anderson, R. B., Mgr. Export Dept.	The Silver Mfg. Co.....	Salem, O.
Anderson, S. H., Credit Mgr. & Asst. Treas.....	Westinghouse Elect. & Mfg. Co.	East Pittsburgh, Pa.
Anderson, W. W....	Oil Well Supply Co.....	Pittsburgh, Pa.
Andres, John, Sec. & Treas.....	Standard Brick Mfg. Co.....	Evansville, Ind.
	Evansville Chamber of Commerce.	
Andrews, Champe S.	Manufacturers' Association of Chattanooga	Chattanooga, Tenn.
Andrews, J. I.....	American Sheet & Tin Plate Co..	Pittsburgh, Pa.
Angier, E. H.....	Angier Mills.....	Ashland, Mass.
Ankeny, Rollin V....	Seattle Chamber of Commerce Seattle National Bank.....	Seattle, Wash.
Annette, Walter Magee	Hercules Powder Co.....	New York City
Anstrand, G. E.....	Columbian Enameling & Stamping Co.	Terre Haute, Ind.
Archer, R. J.....	Willys-Overland Co.....	Toledo, O.
Armstrong, Hon. Joseph G., Mayor..	City of Pittsburgh.....	Pittsburgh, Pa.
Arn, Fred, Pres. J. M. Card Lumber Co.....	Chattanooga Chamber of Com. Chattanooga Manufacturers' As- sociation	Chattanooga, Tenn.
Arnold, John J., V.-P. & Mgr., For- eign Exch. Dept..	First National Bank of Chicago.. Illinois Bankers' Association.... National Foreign Trade Council. American Multigraph Sales Co. Cleveland Chamber of Com.....	Chicago, Ill.
Ashburner, A. E....	Middletown Car Co.....	Pittsburgh, Pa.
	P. Ballantine & Sons.....	Newark, N. J.
Ashenfelter, T. C....		
Ashmun, Charles...		
Assman, F. A., Chairman Execu- tive Committee..	Continental Can Co..... Maxwell Motor Co., Inc.....	New York City Detroit, Mich.
Assmus, C. O.....	Western Wheeled Scraper Co.	
Atwood, M. C.....	General Manager..	Illinois Mfrs. Association..... Aurora, Ill.
Aughinbaugh, W. E., (Dr.); Foreign & Export Editor Leslie's Weekly.	School of Commerce, New York University	New York City
Avila, Henry, Dist. Passenger Agt. ...	Union Pacific Railroad Company San Francisco Chamber of Com..	San Francisco, Cal.
Ayer, W. P. F.....	Walworth Mfg. Co.....	Boston, Mass.
Ayers, Hobart B....	H. K. Porter Co.....	Pittsburgh, Pa.
Baackes, Frank, V.-P. & Genl. Sales Agent.....	American Steel & Wire Co.....	Chicago, Ill.
Babcock, F. R.....	Babcock Lumber Co.....	Pittsburgh, Pa.
Bacon, C. G.....	Forged Steel Wheel Co.....	Pittsburgh, Pa.
Bade, W. A.....	International Forwarding Co....	Chicago, Ill.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Baen, C. E.....	Anglo-London-Paris National Bank San Francisco Convention League San Francisco Credit Men's Association	San Francisco, Cal.
Bailey, George T....	Oliver Iron & Steel Co.....	Pittsburgh, Pa.
Bailey, Henry J....	Hilles & Jones Co.....	Wilmington, Del.
Bailey, R. W.....	American Bridge Company.....	Pittsburgh, Pa.
Baker, Charles Whiting	<i>Engineering News</i>	New York City
Baker, Warren W...	Pennsylvania Steel Export Co...	Philadelphia, Pa.
Baldwin, E. A., Assistant Manager. Foreign Dept....	General Electric Co.....	Schenectady, N. Y.
Baldwin, George P..	General Electric Co.....	Philadelphia, Pa.
Ball, Alfred J., For. Freight Agt..	Pennsylvania R. R.....	Philadelphia, Pa.
Bancroft, Stowell H.	Hornblower & Weeks.....	Boston, Mass.
Barach, Louis V....	Russian-American Exporting Co.	Pittsburgh, Pa.
Barnes, Julius H....	Barnes-Ames Co.....	New York City
Barnes, T. R.....	The Barnes Mfg. Co. Chamber of Commerce of Mansfield	Mansfield, O.
Barneson, Lionel T..	General Petroleum Co.....	San Francisco, Cal.
Barr, J. H., Prest...	National Supply Co.....	Pittsburgh, Pa.
Barrand, H. P., Asst. Cashier.....	National Bank of Commerce of New York	New York City
Barrett, Hon. John, Director General..	Pan American Union.....	Washington, D. C.
Barringer, J. H....	National Cash Register Co.....	Dayton, O.
Bartlett, Dudley....	The Philadelphia Commercial Museum	Philadelphia, Pa.
Batting, Warren D..	John H. Graham & Co.....	New York City
Baxter, Harold K., President	Knapp & Baxter William Cluff Company.....	San Francisco, Cal.
Bayard, A. W.....	"La Hacienda"	Buffalo, N. Y.
Beadel, E. W.....	Pennsylvania Engineering Works.	New Castle, Pa.
Beaver, Charles W..	The Yale & Towne Mfg. Co.....	New York City
Bechtel, B. T., Asst. Mgr. of Sales.	Mark Mfg. Co.,	Chicago, Ill.
Bechtold, J. M.....	Foreign Trade Bureau.....	Dayton, O.
Beck, Albert E., Traffic Manager...	Merchants & Mfrs. Assn.....	Baltimore, Md.
Beecroft, David....	The Class Journal Company.....	New York City
Beegle, F. N.....	Union Drawn Steel Co.....	Beaver Falls, Pa.
Beeson, C. E.....	Pittsburgh Steel Co.....	Pittsburgh, Pa.
Bement, Clarence E., Sec. & Mgr.....	Novo Engine Co. National Gas Engine Co.....	Lansing, Mich.
Benkiser, Wm. F....	First-Second National Bank.....	Pittsburgh, Pa.
Benner, Samuel A...	American Steel Export Co.....	New York City
Bennett, D. P., V.-P. & Treas.....	Pittsburgh Steel Co.....	Pittsburgh, Pa.
Bennett, George E., Director, Business Training	Municipal University	Akron, O.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Benney, William M., Sec. Export Dept.	National Association of Manufacturers of the United States	New York City
Bentley, C. H.	Sales Mgr. California Packing Corporation Chairman Foreign Trade Committee, National Cannery Assn.	San Francisco, Cal.
Berner, Herman Samuel	H. S. Berner & Co.	New York City
Best, William, Jr.	Jones & Laughlin Co. Chamber of Commerce	San Francisco, Cal.
Biddle, William A.	American Laundry Machinery Co. Cincinnati Chamber of Commerce Cincinnati Foreign Trade Assn. Illinois Mfrs. Association American Mfrs. Export Assn.	Cincinnati, O.
Bierman, William H.	Standard Steel Car Co.	Pittsburgh, Pa.
Bigger, J. S., General Manager	Adams Express Co.	New York City
Bihler, A. J.	James C. Lindsay Hardware Co. National Hardware Association of the United States	Pittsburgh, Pa.
Bihler, L. C.	Carnegie Steel Co.	Pittsburgh, Pa.
Biles, G. P.	C. N. O. & T. P. Ry. Co.	Cincinnati, O.
Billups, Melvin P., Joint For. Frt. Agt.	Southern Ry. System	New Orleans, La.
Bishop, F. L. (Dr.)	University of Pittsburgh	Pittsburgh, Pa.
Bishop, H. H., Sec.	Wrapping Paper Mfrs. Assn. American Paper & Pulp Assn.	New York City
Black, Charles E.	Oliver Iron & Steel Co.	Pittsburgh, Pa.
Black, D. P.	Real Estate Trust Co.	Pittsburgh, Pa.
Black, H. A., Pres.	Black Hardware Co. Galveston Commercial Assn.	Galveston, Tex.
Blair, George D., Jr.	Cox & Co., Ltd.	Paris, France
Blair, John R.	Pittsburgh Steel Products Co.	Pittsburgh, Pa.
Blair, R. F.	Pittsburgh Gauge & Supply Co.	Pittsburgh, Pa.
Blakey, Leonard	Carnegie Institute of Technology	Pittsburgh, Pa.
Blascoer, Frances (Miss), Asst. Con- vention Sec.	National Foreign Trade Council	New York City
Blish, T. S.	Southeastern Millers' Assn. Blish Milling Co.	Seymour, Ind.
Blocker, L. E.	Michigan Mfrs. Assn. Chalmers Motor Co.	Detroit, Mich.
Blodgett, S. W.	Globe Transportation Co. Chicago Assn. of Commerce	Chicago, Ill.
Blowers, W. B.	Youngstown Sheet & Tube Co.	New York City
Bollensen, G. S.	Felt & Tarrant Mfg. Co. Illinois Mfrs. Assn.	Chicago, Ill.
Bolles, A. Eugene, Manager	Spanish Edition, <i>The World's Work</i> Associated Advertising Clubs of the World	New York City
Bond, A. Russell, Managing Editor	<i>The Scientific American</i>	New York City
Boole, George, Prest.	Western Hardware & Metal Co.	Washington, D. C.
Booth, Charles H.	United Engineering & Foundry Co.	Youngstown, O.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Bope, H. B. (Col.)	Carnegie Steel Co. Pittsburgh Convention Committee	Pittsburgh, Pa.
Botts, J. M.	American Marine Paint Co.	San Francisco, Cal.
Bougher, H. M., President	J. W. Paxson Co.	Philadelphia, Pa.
Bourland, H. D.	Evansville Paint & Varnish Co. Evansville Chamber of Commerce	Evansville, Ind.
Bowers, Ogden H., Vice-President ...	Wanaque River Paper Co.	New York City
Bowman, F. M.	Blaw Steel Construction Co. Blaw Steel Products Co.	Pittsburgh, Pa.
Boyd, John L., Jr.	Boyd Shoe & Rubber Co.	Seattle, Wash.
Brady, Alfred R.	Hazel Atlas Glass Co.	Wheeling, W. Va.
Brady, Daniel M., President	Brady Brass Company	Jersey City, N. J.
Brainard, Ira F.	National Live Stock Exchange	Pittsburgh, Pa.
Braman, James L.	F. C. Huyck & Sons	Albany, N. Y.
Brandes, C. O.	Firestone Tire & Rubber Co. Akron Chamber of Commerce	Akron, O.
Brandow, Ralph C.	<i>American Exporter</i>	Cleveland, O.
Bray, T. J., Pres.	Republic Iron & Steel Co.	Youngstown, O.
Bridges, John S.	The Coale Muffler & Safety Valve Co.	Baltimore, Md.
Bridgman, F. L.	Crane Company	New York City
Britton, Winchester	Duryea Mfg. Co.	New York City
Brooks, Clyde, Sec.	Pittsburgh Iron & Steel Foundries Co.	Pittsburgh, Pa.
Brooks, F. F.	First-Second National Bank	Pittsburgh, Pa.
Brown, Frank L.	Ransom Concrete Machinery Co.	New York City
Brownell, Atherton, Editorial Director	National Marine League of the United States	New York City
Brunot, H. B.	Standard Underground Cable Co.	Pittsburgh, Pa.
Bruyn, F. S.	Turner Halsey Co.	New York City
Bryce, M. G., Pres.	United States Glass Co. Pittsburgh Convention Committee Pittsburgh Chamber of Com. Tobacco Merchants' Association of the United States	Pittsburgh, Pa.
Buck, H. A., Pacific Coast Agt.	Pennsylvania Lines San Francisco Chamber of Com.	San Francisco, Cal.
Buckley, W. T.	Buffalo Chamber of Commerce The Beaver Board Co.	Buffalo, N. Y.
Buffington, E. J., President	Illinois Steel Co.	Chicago, Ill.
Buffum, Fred S.	Fred S. Buffum Co., Inc.	New York City
Buker, Henry	Brown & Sharpe Mfg. Co. Providence Chamber of Com. National Machine Tool Builders' Association of Worcester, Mass.	Providence, R. I.
Burdick, Julian	West Penn Steel Co.	Brackenridge, Pa.
Burditt, F. M.	J. W. Butler Paper Co.	Chicago, Ill.
Burgess, George D.	National Lumber Exporters' As- sociation	Memphis, Tenn.
Burnham, S. H.	Lincoln Commercial Club	Lincoln, Neb.
Burton, Frank V.	Bryant Electric Co.	Bridgeport, Conn.
Bush, D. Fairfax	Crocker Bros.	New York City

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Bushnell, O. A., Mgr.	Underwood Typewriter Co.....	Pittsburgh, Pa.
Bynum, E. A.....	Texas City Terminal Co.....	Texas City, Tex.
Bywater, J. A.....	Louisville Board of Trade.....	Louisville, Ky.
Cabell, Joseph B.....	Joseph B. Cabell.....	New Orleans, La.
Calder, C. B.....	The Toledo Shipbuilding Co.....	Toledo, O.
Calkins, Ira R.....	Electric Wheel Co.....	Quincy, Ill.
Callery, James D....	Pittsburgh Convention Committee.	Pittsburgh, Pa.
Cameron, A. B.....	Oliver Iron & Steel Co.....	Pittsburgh, Pa.
Campbell, Duncan J., Vice-President & Gen Sales Mgr..	Dodge Sales Engineering Co....	Mishawaka, Ind.
Campbell, George H.	Pittsburgh Convention Committee B. & O. Railroad Co.....	Baltimore, Md.
Campbell, R. D.....	Allegheny Steel Co.....	Pittsburgh, Pa.
Canfield, Wm. B....	Parke, Davis & Co.....	Detroit, Mich.
Capehart, Everett D., (Lieut. U. S. N.).....		New York City
Caples, R. C.....	Willys-Overland Co.....	Toledo, O.
Carley, L. R.....	The Patent Button Co.....	Waterbury, Conn.
Carroll, Jane (Miss)	League of Advertising Women...	New York City
Carroll, Walter C...	American Sheet & Tin Plate Co.	Pittsburgh, Pa.
Carson, A. B.....	<i>American Lumberman</i>	Chicago, Ill.
Carson, James.....	The Associated Press.....	New York City
Carson, J. M.....	Humbolt Chamber of Com.....	Eureka, Cal.
Carter, Robert S....	The Whitman & Barnes Mfg. Co.	Akron, O.
Carver, Charles A., Carver, T. N. (Professor)		New York City Harvard University.....
Casey, D. E., Chief, Div. of Dis- trict Offices.....	Bureau of Foreign & Domestic Commerce	Washington, D. C.
Caspar, C. J.....	National Paint, Oil & Varnish As- sociation of New York.....	Pittsburgh, Pa.
Cavanagh, George H.	Turner Tanning Machinery Co...	Peabody, Mass.
Chable, Louis, Mgr., Export Dept., In- ternational Paper Co.		New York City
Chamberlin, Willard	Standard Sanitary Mfg. Co. San Francisco Chamber of Com..	San Francisco, Cal.
Champion, David J..	Champion Rivet Co.....	Cleveland, O.
Chandler, Charles Lyon, So. Ameri- can Agent.....	Southern Railway System Mobile & Ohio R. R. Co.....	Chattanooga, Tenn.
Chaplin, J. C.....	Colonial Trust Co.....	Pittsburgh, Pa.
Chapman, B. O.....	Merrill, Greer & Chapman.....	St. Paul, Minn.
Chapple, John Mitchell	<i>National Magazine</i>	Boston, Mass.
Charls, George H., V.-P., Sales Div...	The American Rolling Mill Co...	Middletown, O.
Chew, Beverly	Standard Optical Co.....	Geneva, N. Y.
Chipley, Buckner....	Gillican-Chipley Co.....	New Orleans, La.
Chipman, F. L., Pres.	Chas. Chipman's Sons Co., Inc...	New York City
Chipp, Rodney D....	Brazil Railway Co.....	New York City
Chisholm, Henry....	Champion Rivet Co.....	Cleveland, O.
Clark, Charles A....	Hill, Clarke & Co., Boston & New York	Boston, Mass.
Clark, D. L.....	D. L. Clark Co.....	Pittsburgh, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Clark, O. M., Pres.	Clark & Wilson Lumber Co. Portland Chamber of Commerce.	Portland, Ore.
Clarke, Robert E....	Russian Export.....	New York City
Clause, W. L.....	Pittsburgh Plate Glass Co.....	Pittsburgh, Pa.
Clausen, John, Mgr., Foreign Dept.....	The Crocker National Bank San Francisco Chamber of Com. San Francisco Ass'n of Credit Men. American Institute of Banking...	San Francisco, Cal.
Claypool, George L.	Banning, Cooper & Co., Ltd.....	Pittsburgh, Pa.
Clingerman, W. H....	H. C. Frick Coke Co. Chamber of Commerce.....	Pittsburgh, Pa.
Clopper, Herbert G.	The New Jersey Zinc Co.....	New York City
Clyde, William G....	Carnegie Steel Co.....	Pittsburgh, Pa.
Cobb, F. S.....	Seamans & Cobb Co.....	Boston, Mass.
Coffin, William C., Vice-President	Knox Pressed & Welded Steel Co. Pittsburgh Chamber of Com. Pittsburgh Foreign Trade Com- mission. Pittsburgh Convention Commit- tee	Pittsburgh, Pa.
Cohen, T.....	F. R. Phillips & Sons Co.....	New York City
Coleman, William Wheeler	Bucyrus Co. Merchants & Manufacturers' As- sociation of Milwaukee.....	So. Milwaukee, Wis.
Collard, N. W.....	The American Rolling Mill Co...	Middletown, O.
Comly, Walter S., Mgr. of Sales....	Russell, Burdsall & Ward Bolt & Nut Co.....	Port Chester, N. Y.
Connellan, Thomas J.	The National City Co., New York City	Pittsburgh, Pa.
Connolly, F. J.....	Washburn Crosby Co.....	Minneapolis, Minn.
Converse, C. P., Sec.	San Francisco Chamber of Com..	San Francisco, Cal.
Cooke, D. W., V.-P..	Erie Railroad Co.....	New York City
Coolidge, Louis Arthur, Treas....	United Shoe Machinery Co.....	Boston, Mass.
Cooper, M. G.....	Cooper, Coate & Casey Dress Goods Co.	Los Angeles, Cal.
Cooper, S. G.....	Banning, Cooper & Co., Ltd.....	Pittsburgh, Pa.
Cooper, S. L.....	Banning, Cooper & Co., Ltd.....	Pittsburgh, Pa.
Cooper, S. M.....	American Sheet & Tin Plate Co. Chamber of Commerce.....	McKeesport, Pa.
Cordery, A. H., Gen. Sales Mgr.....	The Phoenix Iron Co.....	Philadelphia, Pa.
Corfield, J. E., General Agent....	Union Pacific System.....	Pittsburgh, Pa.
Cornelius, W. A., Manager	National Tube Co. Chamber of Commerce.....	McKeesport, Pa.
Corrigan, C. E., V.-P.	National Metal Molding Co.....	Pittsburgh, Pa.
Corse, G. H., Jr....	Union Pacific Railroad System...	Chicago, Ill.
Cory, F. P., V.-P....	The McClure Co.....	Saginaw, Mich.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Coster, Maurice, Managing Director.	Westinghouse Electric Export Co. National Electric Light Assn. Electrical Manufacturers' Club Nat'l Foreign Trade Council.....	New York City
Courts, George M., President	Clarke & Courts Galveston Commercial Assn.....	Galveston, Tex.
Couse, Frederick J., Foreign Frt. Agt. .	Baltimore & Ohio R. R. Co. Baltimore Merchants & Manufactur- ers' Association.....	Baltimore, Md.
Covert, William A., Local Manager ...	Otis Elevator Co., New York City	Pittsburgh, Pa.
Cox, Ernest S., Sec..	The Cotton Club.....	Pittsburgh, Pa.
Craig, Edward A....	Westinghouse Air Brake Co. Pittsburgh Chamber of Com.....	Pittsburgh, Pa.
Crane, D. E.....	Macbeth Evans Glass Co.....	Pittsburgh, Pa.
Crawford, E. C.....	McKeesport Tin Plate Co.....	McKeesport, Pa.
Creveling, George F.	<i>The Daily Iron Grade and Metal Market Review</i>	Cleveland, O.
Crocker, C. H., V.-P.	Federal Export Co.....	New York City
Crockett, A. E.....	Chamber of Commerce.....	Rochester, N. Y.
Croscup, E. E.....	Cataaugus Tanning Co.....	Boston, Mass.
Cross, Richard B....	Aluminum Co. of South America.	Pittsburgh, Pa.
Crutchfield, J. S....	Crutchfield & Woolfolk National League of Commission Merchants	Pittsburgh, Pa.
Culbertson, J. G., General Manager..	Wichita Falls Motor Co. Am. Mfrs. Export Ass'n.....	Wichita Falls, Tex.
Culbertson, J. J.....	Interstate Cotton Seed Crushers' Association Nat'l Foreign Trade Council.....	Paris, Tex.
Curtiss, Elliott	The U. S. Metallic Packing Co....	Philadelphia, Pa.
Cutler, B. S., Pres...	Cutler Desk Co. Buffalo Chamber of Commerce..	Buffalo, N. Y.
Daenitz, W. T.....	Carr, Irons & Daenitz, Inc. Foreign Traders' Association The Chicago Association of Com- merce & Personal Registration.	Chicago, Ill.
Dalton, James L....	The Dalton Adding Machine Co. Cincinnati Chamber of Com.....	Norwood, O.
Danz, Geo. J.....	Hopins Steel & Equip. Co.....	Seattle, Wash.
Davidson, James E..	American Shipbuilding Co.....	Cleveland, O.
Davis, A. V.....	Aluminum Co. of America.....	Pittsburgh, Pa.
Davis, C. W., V.-P. & Gen. Sales Mgr..	Standard Underground Cable Co.	New York City
Davis, J. A.....	Merchants & Mfrs. Assn.....	Baltimore, Md.
Davis, Warren J....	J. I. Case Threshing Machine Co.	Racine, Wis.
Dean, Edwin Wilson.	H. S. Berner & Co.....	New York City
Deans, H. G. P., Vice-President	The Merchants' Loan & Trust Co.	Chicago, Ill.
de Csesznak, Steven, President	Export American Industries.....	New York City
Deemer, H. M., Special Agent	Standard Steel Car Co. Middletown Car Co.....	Middletown, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Deering, Thomas S., Mgr. Ins. Dept.	H. M. Newhall & Co.	San Francisco, Cal.
Defebaugh, E. H., Sec'y & Treas.	Asso. Cooperage Industries of America	Chicago, Ill.
DeForest, A. T., Vice-President	U. S. Steel Products Co. San Francisco Chamber of Com. .	San Francisco, Cal.
DeFriest, J. B., Gen. Eastern Agt. .	Union Pacific R. R. Co.	Omaha, Neb.
Delgado, Domingo E.	Eastman Kodak Co. Rochester Chamber of Com.	Rochester, N. Y.
de Messimy, Vincent, General Manager. .	Cosmo Trading Co.	Chicago, Ill.
Deming, William L. .	Deming Co.	Salem, O.
Dette, William.	Crocker Bros.	New York City
Devens, Henry F. .	Superior Steel Co.	Carnegie, Pa.
Dexter, George M. .	Dexter & Carpenter, Inc.	New York City
Dexter, H. K., Credit Manager. .	Firestone Tire & Rubber Co.	Akron, O.
Dillon, Edgar M., District Office Mgr. .	Bureau of Foreign & Domestic Commerce	New York, N. Y.
Dimmick, D. B.	Birmingham Metal Mfrs. Assn. .	Birmingham, Ala.
Dinkelspiel, Samuel. .	The National Wholesale Dry Goods Association	Philadelphia, Pa.
Diss, Albert B.	Universal Castor & Foundry Co. Board of Trade of the City of Newark, N. J.	Newark, N. J.
Disston, S. Horace. .	Henry Disston & Sons.	Philadelphia, Pa.
Dix, George E.	Midvale Steel Co.	Pittsburgh, Pa.
Dix, John Adams. .	Transocean Finance & Commerce Corporation	New York City
Dix, John W., Asst. Gen. Mgr. of Sales. .	Carnegie Steel Co.	Pittsburgh, Pa.
Dohrman, F., Jr.	The Nathan-Dohrman Co. San Francisco Chamber of Com. .	San Francisco, Cal.
Dollar, Robert (Capt.), Pres.	The Robert Dollar Co. San Francisco Chamber of Com- merce. Nat'l Foreign Trade Council.	San Francisco, Cal.
Domeratsky, Louis, Chief, Div. of Foreign Tariffs. .	Bureau of Foreign & Domestic Commerce, Department of Commerce	Washington, D. C.
Donahue, G. W.	Massachusetts Saw Works.	Springfield, Mass.
Donald, Louis.	Mobile Chamber of Commerce. .	Mobile, Ala.
Donaldson, J. A.	Pittsburgh Coal Co.	Pittsburgh, Pa.
Donges, J. C.	National Wholesale Lumber Deal- ers' Assn.	Pittsburgh, Pa.
Donovan, J. J., V-P.	Bloedel-Donovan Lumber Mills Nat'l Foreign Trade Council. West Coast Lumbermen's Assn. Bellingham Chamber of Com.	Bellingham, Wash.
Doonan, George W., Dist. Office Mgr. .	Bureau of Foreign & Domestic Commerce	St. Louis, Mo.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Dougherty, J. W., President	Pittsburgh Crucible Steel Co....	Pittsburgh, Pa.
Douglass, E. P., V.-P.	McKeesport Tin Plate Co. McKeesport Chamber of Com....	McKeesport, Pa.
Douglass, E. V., Sec'y	American Mfrs.' Export Ass'n...	New York City.
Dow, L. S.	H. J. Heinz Co.	Pittsburgh, Pa.
Downman, R. H.	American Mfrs. Export Assn.... New Orleans Assn. of Commerce	Pittsburgh, Pa.
Doyle, Michael, President	National Lumber Mfrs. Assn..... International Pulp Co. Rochester Chamber of Com.....	New Orleans, La. New York City
Drake, Fred R.	Foreign Trade Relations Com- mittee National Wholesale Grocers' As- sociation of United States	
Draper, Thomas.	American Metric Association....	Easton, Pa.
Dreifus, Charles	Draper Manufacturing Co.	Port Huron, Mich.
Driscoll, Daniel J.		Pittsburgh, Pa.
General Manager..	Delaware Seamless Tube Co....	Reading, Pa.
Dudley, H. A.	American Steel Export Co.	New York, N. Y.
Duffy, John F.	Daily Metal Reporter, New York City	Pittsburgh, Pa.
Duncan, C. S.	University of Chicago.	Chicago, Ill.
Duncan, H. B.	Duncan & Miller Glass Co. American Association of Flint & Lime Glass Manufacturers....	Washington, Pa.
Duncan, John.	Wheeling Steel & Iron Co.	Wheeling, W. Va.
Duncan, J. McA.	Chamber of Commerce of Pitts- burgh	Pittsburgh, Pa.
Duniway, H. R.	California Sugar & White Pine Co. of San Francisco.	San Francisco, Cal.
Dunlap, O. E.	International Acheson Graphite Co.	Niagara Falls, N. Y.
Dunn, J. Robertson..	Chas. G. Dunn & Co.	Liverpool, England
Dunn, L. M.	Western Electric Co., Inc.	Pittsburgh, Pa.
Durigan, H. M.	The Pittsburgh Gazette-Times ..	Pittsburgh, Pa.
Dyer, C. D.	W. P. Snyder & Co.	Pittsburgh, Pa.
Early, George P.	American Sheet & Tin Plate Co..	Pittsburgh, Pa.
Eastman, Lucius R., President	Hills Bros. Co. The Merchants' Assn. of N. Y....	New York City
Eaton, Arthur W.	Eaton, Crane & Pike Co.	Pittsfield, Mass.
Eddy, R. Carl.	S. L. Jones & Co., Inc.	San Francisco, Cal.
Edmunds, F. W.	The Dressel Railway Lamp Works	New York, N. Y.
Eells, Daniel P.	Bucyrus Co. Am. Mfrs. Export Ass'n.	So. Milwaukee, Wis.
Eisley, John F., Mgr., Export Dept.	The Keystone Watch Case Co...	Riverside, N. J.
Ellis, H. C., Mgr., Export Dept.	Henry Disston & Sons, Inc.	Philadelphia, Pa.
Emeny, F. J.	The Deming Co.	Salem, O.
Emerson, E. A., Export Manager..	The American Rolling Mills Co..	Middletown, O.
Emerson, Guy.	National Bank of Commerce in New York.	New York City
Esselstyn, W. A.	American Window Glass Co.	Pittsburgh, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Evans, A. M.....	<i>Chicago Herald</i> ...	Chicago, Ill.
Evans, De Forest W. G. H.	Evans Lumber Co.....	Chattanooga, Tenn.
Evans, G. H., Pres.	G. H. Evans Lumber Co.....	Chattanooga, Tenn.
Evans, Harry L.....	E. C. Evans & Sons.....	San Francisco, Cal.
Evans, Howard S.....	MacBeth Evans Glass Co.....	Pittsburgh, Pa.
Fahy, Walter J.....	Lehigh Valley R. R.....	New York City
E. W. Fairchild.....	<i>Daily News-Record</i>	New York City
Falk, Maurice.....	Duquesne Reduction Co.....	Pittsburgh, Pa.
Falkenburg, M. J....	Falkenburg & Laucks	
	Mfrs. Association of Seattle.....	Seattle, Wash.
Farnsworth, Freder- ick E., Gen. Sec....	The American Bankers' Assn....	New York City
Farquhar, A. B.....	National Implement & Vehicle As- sociation	
	A. B. Farquhar & Co.....	York, Pa.
Percival Farquhar...	Brazil Ry. Co.	
	International Products Co.....	New York City
Farrell, James A., President	U. S. Steel Corporation	
	National Foreign Trade Council..	New York City
Farrell, John J.....	Norton, Lilly & Co.....	New York City
Farrell, Richard J...	<i>The Gazette Times</i>	Pittsburgh, Pa.
Farwell, F. H.....	The Lutcher & Moore Lumber Co.	Orange, Tex.
Feiker, F. M., Editor.	<i>Electrical World</i> <i>McGraw Publishing Co</i>	New York City
Fenton, A. Ward, Jr.	Chamber of Commerce.....	Cleveland, O.
Ferguson, Jas. C. H.	San Francisco Chamber of Com..	San Francisco, Cal.
Ferguson, P. H.....	Pittsburgh Steel Products Co....	New York City
French, A. R.....	Globe-Wernicke Co.	Cincinnati, O.
Field, Andrew J.....	Walter M. Field & Co.....	San Francisco, Cal.
Field, W. K., Pres...	Pittsburgh Coal Co.	
	Pittsburgh Convention Committee.	Pittsburgh, Pa.
Filsinger, Ernst B., Mgr. For. Dept...	Lawrence & Co.....	New York City
Findley, A. I.....	<i>The Iron Age</i> ...	New York City
Finfrook, J. Q.....	The National Cash Register Co..	Dayton, O.
Fink, George J., Banking Dept....	Lunham & Moore.....	New York City
Fisher, Edmund D., Deputy Comp....	Chamber of Commerce.....	New York City
Fisher, W. G.....	Standard Refractories Co.....	Claysburg, Pa.
Fithian, C. F.....	The Bessemer Gas Engine Co....	Grove City, Pa.
Fitzgerald, John F. (Hon)	National Foreign Trade Council..	Boston, Mass.
Flachs, Harry F....	American Chamber of Com.....	Buenos Aires, Argen- tina
Flanders, Ralph E...	Jones & Lamson Machine Co.....	Springfield, Vt.
Flannery, James J...	American Vanadium Co.	
	Pittsburgh Convention Committee.	Pittsburgh, Pa.
Flannery, J. Rogers.	American Vanadium Co.	
	National Foreign Trade Council	
	Pittsburgh Foreign Trade Com- mission	
	Pittsburgh Convention Committee	Pittsburgh, Pa.
Fleming, W. B. (Hon.), Adviser on Commercial Treaties	Department of State.....	Washington, D. C.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Fletcher, P. I.	Morse Twist Drill & Machinery Co.	New Bedford, Mass.
Fleurot, George G., Sr.	U. S. International Corporation..	New York City
Foley, P. R.	The Eastern Steel Co.	Philadelphia, Pa.
Follansbee, B. G.	Follansbee Bros. Co. Pittsburgh Convention Committee.	Pittsburgh, Pa.
Follansbee, John	Follansbee Bros. Co.	Pittsburgh, Pa.
Follansbee, Wm. U.	Follansbee Bros. Co.	Pittsburgh, Pa.
Follet, Louis.	Standard Tin Plate Co. of Can- onsburg, Pa. National Hardware Association of the United States.	Crafton, Pa.
Fonda, A. H.	Texas City Terminal Co.	Texas City, Tex.
Fong, M. Q.	Chinese Chamber of Commerce..	San Francisco, Cal.
Foote, Charles P.	Clipper Belt Lacer Co. Grand Rapids Association of Commerce	Grand Rapids, Mich.
Force, H. W.	California Corrugated Culver Co.	Los Angeles, Cal.
Forrester, W. A.	Westinghouse Air Brake Co.	Wilmerding, Pa.
Forsyth, James, Mgr., Foreign Dept.	First Nat'l Bank of Los Angeles. Los Angeles Chamber of Com- merce	Los Angeles, Cal.
Foss, W. J.	The Pierce Arrow Motor Car Co.	Buffalo, N. Y.
Foster, A. M.	Morgan Spring Co.	Worcester, Mass.
Fowler, J. F., V. P.	W. R. Grace & Co. The American Exporters' & Im- porters' Association	Pan-American Society of the United States
Fox, J. H.	Commercial Boiler Works Manufacturers' Association	Seattle, Wash.
Foyer, George J., Export Sales Mgr.	Charles A. Foyer & Co.	Cleveland, O.
Frackelton, D. W., Vice-President	The Chandler Price Co.	Cleveland, O.
Frank, Isaac W., President	United Engineering & Foundry Co.	Pittsburgh, Pa.
Frank, William J.	First-Second National Bank.	Pittsburgh, Pa.
Franklin, P. A. S., President	International Mercantile Marine. Nat'l Foreign Trade Council.	New York City.
Franzell, Chester	Chester Franzell & Co. National League of Commission Merchants of the U. S. A.	Pittsburgh, Pa.
Frayer, D. W.	Swift & Co.	New York City
French, C. S.	C. S. French & Co.	New York City
French, R. S., Gen. Mgr.	Nat'l League of Commission M'ch'ts.	New York City.
French, W. H.	Associated Press	Pittsburgh, Pa.
French, W. H., V. P.	Judson Mfg. Co. San Francisco Chamber of Com. San Francisco Credit Men's As- sociation	San Francisco, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Frick, W. E.....	Frick & Lindsay Co. Pittsburgh Chamber of Com.....	Pittsburgh, Pa. New York City
Friede, M. S.....		New York City
Friede, Sydney A.....		New York City
Friesleben, H. M.....	Pacific Sanitary Mfg. Co.....	San Francisco, Cal.
Frothingham, Donald		
For. Trade Bureau.	American Express Co.....	New York City
Fry, R. G.....	Bank of British North America San Francisco Chamber of Com.....	San Francisco, Cal.
Fuller, D. B.....	American National Bank.....	San Francisco, Cal.
Fuller, F. M.....	American Sheet & Tin Plate Co..	Pittsburgh, Pa.
Fullerton, Ruth-		
ford	The Kilbourne & Jacobs Mfg. Co.	Columbus, O.
Fullinwider, S. P....	Navy League of the U. S.....	Washington, D. C.
Fulton, S. T.....		New York City
Furey, H. D. W.....	Berkshire Life Ins. Co.....	Pittsburgh, Pa.
Furey, W. M.....	Pittsburgh Chamber of Com.....	Pittsburgh, Pa.
Gallagher, W. H.....	U. S. Rubber Export Co., Ltd....	New York City
Gallup, O. O.....	Simonds Mfg. Co.....	New York City
Garland, Robert	Garland Nut & Rivet Co. Pittsburgh Chamber of Com.....	Pittsburgh, Pa.
Garver, H. H.....	Chicago Assn. of Commerce.....	Chicago, Ill.
Gathright, Owen....	Harbison & Gathright Louisville Board of Trade.....	Louisville, Ky.
Gaunt, Ernest H....	Optical Manufacturers' Assn.....	Providence, R. I.
Gavan, W. S., Asst.		
Director of Sales..	E. I. DuPont de Nemours & Co..	Wilmington, Del.
Gawthrop, Alfred H.	American Car & Foundry Export Co.	Wilmington, Del.
Geary, Lewis J.....	<i>Exporters' & Importers' Journal</i>	New York City
Geddes, F. B.....	Lehigh Portland Cement Co. American Mfrs. Export Assn.....	New York City
Geddes, Robert.....	Jones & Laughlin Steel Co.....	Pittsburgh, Pa.
Geer, George Jarvis,		
Jr., Asst. Treas....	Guaranty Trust Co. of New York Pan-American Union	New York City
Geisler, Carl V.....	American Vulcanized Fibre Co...	Wilmington, Del.
Genung, J. H.....	American Hominy Co. National Association of White Corn Millers	Indianapolis, Ind.
Gerry, Roland.....	Jones & Laughlin Steel Company. Pittsburgh Chamber of Com.....	Pittsburgh, Pa.
Getz, Louis	Getz Bros. & Co.....	San Francisco, Cal.
Giannini, A. P.,		
President	Bank of Italy.....	San Francisco, Cal.
Gibbs, H. R.....	T. H. Nevin & Co.....	
	Paint Mfrs. Assn. of the U. S...	Pittsburgh, Pa.
Gibson, D. J., Mgr.		
Foreign Dept.....	Worthington Pump & Machinery Corporation	New York City
Gill, James W.,		
President	Gill Bros. Co. Steubenville Chamber of Com...	Steubenville, O.
Gillan, E. J., Mgr.		
Forwarding Dept..	Pan-American Commission Cor- poration	New Orleans, La.
Gillespie, D. L.....	D. L. Gillespie & Co. Pittsburgh Convention Committee.	Pittsburgh, Pa.
Gillespie, T. J.....	Lockhart Iron & Steel Co. Pittsburgh Chamber of Com.....	Pittsburgh, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Gillette, George L...	Minneapolis Steel & Machinery Co.	Minneapolis, Minn.
Gillette, George M...	Minneapolis Steel & Machinery Co.	Minneapolis, Minn.
Gillett, Melville	Great Southern Lumber Co.....	Bogalusa, La.
Gilmore, B. G.....	The Vichek Tool Co.....	Cleveland, O.
Gingrich, Charles S..	The Cincinnati Milling Machine Co.	Cincinnati, O.
Given, John M.....	John M. Given, Inc. American Mfrs. Export Assn....	New York City
Given, Kenneth M...	John M. Given, Inc.....	New York City
Given, T. H.....	Pittsburgh Convention Committee.	Pittsburgh, Pa.
Given, W. K.....	Pittsburgh Steel Co.....	Pittsburgh, Pa.
Gladding, Walter M.	Borden's Condensed Milk Co....	New York City
Glassford, D. D.....	<i>New York Commercial</i>	New York City
Glenn, John M.....	Illinois Manufacturers' Assn....	Chicago, Ill.
Glover, J. W.....	Glover Machine Works.....	Marietta, Ga.
Goldsmith, Clarence A.	C. A. Goldsmith.....	Newark, N. J.
Golodetz, M.....	Bengol Trading Co., Inc.....	New York City
Goodhue, F. Abbott, Vice-President	The First National Bank.....	Boston, Mass.
Gorby, C. B.....	Columbian Enameling & Stamping Co.	Terre Haute, Ind.
Gordon, Wm. David.	The Mine & Smelter Supply Co..	El Paso, Texas
Goslin, Julius, Pres..	Joubert & Goslin Machinery & Foundry Co.	Birmingham, Ala.
Gould, Charles L....	Kennedy-Mitchell & Co., Inc....	New York City
Gragg, H. R.....	Rochester Chamber of Com.....	Rochester, N. Y.
Graham, Albert	Graham Nut Company.....	Pittsburgh, Pa.
Graham, Charles J..	Graham Nut Company Pittsburgh Chamber of Com..... Pittsburgh Convention Committee.	Pittsburgh, Pa.
Graham, Harry C., President	Graham Nut Company.....	Pittsburgh, Pa.
Graham, William A..	John H. Graham & Co.....	New York City
Grainger, H. B.....	Grainger Bros. Co. Lincoln Commercial Club.....	Lincoln, Neb.
Granger, Karl K....	Youngstown Sheet & Tube Co...	Youngstown, O.
Gray, Carl R.....	Merchants' & Mfrs.' Assn. of Baltimore	Baltimore, Md.
Gray, Charles W....	Graham Nut Company.....	Pittsburgh, Pa.
Gray, James C.....	American Vanadium Co.....	Pittsburgh, Pa.
Gray, Neil, Jr.	Oswego Machine Works Oswego Chamber of Commerce..	Oswego, N. Y.
Green, C. A., For. Trade Dept...	R. G. Dun & Co.....	New York City
Green, William A., Managing Director.	William A. Green, Ltd.....	London, England
Greene, Edwin Farn- ham	Pacific Mills.....	Boston, Mass.
Greenfelder, Jacob...	The Christian Moerlein Brewing Co.	Cincinnati, O.
Griffith, H. F., Asst. Mgr.	Westinghouse Electric Export Co.	East Pittsburgh, Pa.
Groff, E. A., Mgr., For. Trade Dept...	National Bank of the City of New York	New York City
Grout, R. W., Editor & Manager.	<i>Exporters' & Importers' Journal</i> .	New York City

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Guiterman, Percy L.	Guiterman, Rosenfeld & Co.	New York City
Gullak, J. H.	Russian Amer. Industrial & Com'l Joint Stock Co.	Moscow, Russia
Guthrie, D. S.	Federal Export Corporation	New York City
Gutmann, Jesse	Ferdinand Gutmann & Co.	New York City
Gwaltney, Robert H.	The T. H. Symington Co.	New York City
Gwynne, Charles T., Secretary	Chamber of Commerce of the State of New York	New York City
Hackett, Edmund	South American Publishing Co.	New York City
Hadly, Charles O.	Alan Wood Iron & Steel Co.	Philadelphia, Pa.
Hadly, William A.	American Sheet & Tin Plate Co.	Pittsburgh, Pa.
Haeberle, Arminius T.	Consular Service, Department of State	St. Louis, Mo.
Haines, H. A., Div. Freight Agt.	Pennsylvania R. R. Co.	Pittsburgh, Pa.
Haines, H. H.	Galveston Commercial Assn.	Galveston, Texas
Haines, John L.	Jones & Laughlin	Pittsburgh, Pa.
Hall, C. A.	Judson Freight Forwarding Co.	New York, N. Y.
Hall, Walter W.	Republic Iron & Steel Co.	Pittsburgh, Pa.
Hallowell, R. M.	Industrial Lumber Co.	Elizabeth, La.
Halm, Wm. E.	N. Y. Dock Co.	New York City
Hammond, Harry S., Sales Agent	Pressed Steel Car Co.	Pittsburgh, Pa.
Hammond, Jas. H.	Superior Steel Co.	Carnegie, Pa.
Hanauer, A. M.	Ph. Hamburger Co.	Pittsburgh, Pa.
Hand, E. S.	Pennsylvania Wire Glass Co.	New York City
Haney, C. H.	International Harvester Co.	Chicago, Ill.
Hanlin, M. L.	Clark Equipment Co.	Buchanan, Mich.
Hanna, H. C.	Central Ohio Paper Co.	Columbus, O.
Hannah, Miles Car- rington	U. S. International Corporation	New York City
Hanrahan, J. J.	Pittsburgh Plate Glass Co. American Mfrs. Export Assn.	New York City
Hanson, George C.	Department of State	Washington, D. C.
Hansen, Harold C., Editor	<i>New York Commercial</i>	New York City
Hansen, J. M., President Stand- ard Steel Car Co.	Pan-American Union Pittsburgh Convention Committee	Pittsburgh, Pa.
Harder, Joseph	Buffalo Dental Mfg. Co.	Buffalo, N. Y.
Hardin, J. D., Jr.	The J. H. W. Steele Co. of New York New Orleans Board of Trade	New Orleans, La.
Harmon, T. D.	Pittsburgh Board of Trade	Pittsburgh, Pa.
Harper, A. M., Manager of Sales	Carnegie Steel Co. Pittsburgh Convention Committee	Pittsburgh, Pa.
Harrington, W. E.	Ebert-Duryea Farm Tractor Co.	Chicago, Ill.
Harris, B. F., Pres.	First National Bank National Foreign Trade Council	Champaign, Ill.
Harris, E. T.	The Payson Manufacturing Co.	Chicago, Ill.
Harris, Richard R.	Pittsburgh Steel Products Co. American Mfrs. Export Assn.	Pittsburgh, Pa.
Harris, W. B.	The Barrett Company	New York City
Harris, W. J.	Asbestos Protected Metal Co.	New York City
Harrison, John P. S.	Harroun Motors Corporation	New York City

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Harrison, M. C., General Agent	St. Paul Fire Marine Ins. Co.	San Francisco, Cal.
Hart, Edward H., Export Manager	The Stanley Works, New York City	New Britain, Conn.
Hart, J. W.	Lucey Mfg. Corporation	New York City
Hart, William F., General Manager	Central Tube Co.	Pittsburgh, Pa.
Hartman, Galen C.		Pittsburgh, Pa.
Hartman, M., Gen. Western Agt.	United Fruit Steamship Co.	Chicago, Ill.
Haskell, Harry L., Secretary	National Association of White Corn Millers	Toledo, O.
Haslett, S. M.	The Haslett Warehouse Co. Gem City Packing Co. California Fruit Selling Co. El Dorado Oil Works	San Francisco, Cal.
Hauser, W. E.	Multnomah Hotel, Portland, Ore.	New York City
Hausman, John P.		Seattle, Wash.
Hayes, Scott.	Union Trust Co.	Pittsburgh, Pa.
Hays, Wm. H., Sr.	Iron City Tool Works, Ltd.	Pittsburgh, Pa.
Hazen, John F., Jr.	Pittsburgh Steel Co.	Pittsburgh, Pa.
Heinz, Clifford S.	H. J. Heinz Co.	Pittsburgh, Pa.
Heinz, Howard.	H. J. Heinz Co.	Pittsburgh, Pa.
Heinz, H. J.	H. J. Heinz Co.	
	Pittsburgh Chamber of Com.	Pittsburgh, Pa.
Hellen, C. E.	H. J. Heinz Co.	Pittsburgh, Pa.
Henehan, M. J.	Seattle Frog & Switch Co. Rotary Club	Seattle, Wash.
Hepburn, John, Asst. Auditor	Pittsburgh Steel Co.	Pittsburgh, Pa.
Herald, M. A.	Pittsburgh Steel Co.	Pittsburgh, Pa.
Herget, H. G.	Pekin Cooperage Co. Ill. Mfrs. Ass'n. Nat'l Foreign Trade Council	Pekin, Ill.
Herold, M. J.	Keystone Steel & Wire Co. Peoria Association of Commerce	Peoria, Ill.
Herr, Edwin M.	Westinghouse Electric & Mfg. Co. Pittsburgh Chamber of Com.	East Pittsburgh, Pa.
Herr, H. T.	Westinghouse Machine Co.	East Pittsburgh, Pa.
Herring, W. E.	Puget Sound Traction, Light & Power Co. Seattle Chamber of Commerce Manufacturers' Assn. of Seattle	Seattle, Wash.
Herron, Andrew W., Jr., Exp. Dept.	Jones & Laughlin Steel Co.	Pittsburgh, Pa.
Hewitt, J. M.	Pittsburgh Steel Co.	Pittsburgh, Pa.
Heyl, E. W.	Heyl & Patterson, Inc.	Pittsburgh, Pa.
Hillard, T. R., V.-P. & Treas.	Miner-Hillard Milling Co. National Association of White Corn Millers	Wilkes-Barre, Pa.
Hilliary, E. D.		Harrisburg, Pa.
Hinckley, Frank E.	San Francisco Chamber of Com.	San Francisco, Cal.
Hinds, J. Grant.	Christian Science Monitor, Bos- ton, Mass.	Pittsburgh, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Hinrichs, Christian, Chief Engineer....	Seattle Construction & Dry Dock Co. Seattle Manufacturers' Assn.....	Seattle, Wash.
Hinsch, Charles A., Vice-President	Fifth-Third National Bank The American Bankers' Assn....	Cincinnati, O.
Hitch, Allerton D....	Hagemeyer Trading Co.....	New York City
Hoagland, Warren L., Jr., Mgr., Foreign Dept....	Burroughs Adding Machine Co. Detroit Bd. of Commerce.....	Detroit, Mich.
Hodges, Charles B....	H. K. Porter Co.....	Pittsburgh, Pa.
Hodgson, Joseph....	New York & Cuba Mail Steam- ship Co.	New York City
Hoelzel, J. P.....	Pittsburgh Screw & Bolt Co.....	Pittsburgh, Pa.
Hoffstot, Henry P....	Pressed Steel Car Co.....	Pittsburgh, Pa.
Holder, Charles A., Vice-President	G. Amsinck & Co., Inc.....	New York City
Holder, Hilaire J., Gen. Export Mgr..	Scripps-Booth Corporation.....	New York City
Holdsworth, J. T. (Professor)	University of Pittsburgh.....	Pittsburgh, Pa.
Holliday, Alexander H.	Jones & Laughlin Steel Co.....	Pittsburgh, Pa.
Holmes, E. P.....	Holmes & Herrick Lumber Co. Gulfport Commercial Union Society for the Development of American Shipping	Gulfport, Miss.
Hopkins, M. H., Pres. & Gen. Mgr..	O. W. Thum Co.....	Grand Rapids, Mich.
Horner, L. S., V-P. & Gen. Sales Mgr.	Acme Wire Co.....	New Haven, Conn.
Horner, W. S.....	National Association of Sheet & Tin Plate Manufacturers.....	Pittsburgh, Pa.
Horton, W. E.....	Ossining Chamber of Commerce..	Ossining, N. Y.
Howard, James A....	American Meat Packers' Assn...	New York City
Howard, O. McG....	Paint, Oil & Drug Review.....	Chicago, Ill.
Howell, M. D., Export Manager..	Montgomery Ward & Co.....	Chicago, Ill.
Howe, Alfred F....	The Borden Co.....	Warren, O.
Hubbard, P. H., Gen. Mgr. of Sales.	The Brier Hill Steel Co.....	Youngstown, O.
Huffman, William P.	Buckeye Iron & Brass Works....	Dayton, O.
Huggins, Harold C.. Vice-Consul	Department of State, Washington, D. C.....	Yokohama, Japan
Hughes, Edgar J....	First National Bank of Milwau- kee	Milwaukee, Wis.
Hughes, Edward E..	Chicago Railway Equipment Co..	Franklin, Pa.
Hughes, John, Asst. to President.	United States Steel Corporation Merchants' Ass'n of N. Y.....	New York City
Hughes, Lewis B....	Hughes & Co.....	New York City
Hughes, Richard H..	Crescent Portland Cement Co....	Pittsburgh, Pa.
Hum, David, Jr....	Baltimore & Ohio Railroad.....	Pittsburgh, Pa.
Humphrey, A. L., V.-P. & Gen. Mgr..	Westinghouse Air Brake Co....	Wilmerding, Pa.
Hunter, Frank T.....		Seattle, Wash.
Hurlbut, Guy B....	Bankers' Trust Co.....	New York City

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Hurley, Hon. E. M.	Chn. Federal Trade Commission.	Washington, D. C.
Husband, A. P.	Millers' National Federation.	Chicago, Ill.
Hutchins, Chas. M.	W. L. Douglas Shoe Co.	Brocton, Mass.
Hutchins, H. C.	Cataract Refining & Mfg. Co.	Buffalo, N. Y.
Hutchinson, M. L.	Hutchinson Coal Co.	Fairmont, W. Va.
Hutton, William M.	George P. Ide & Co.	Troy, N. Y.
Huxley, E. H., Pres.	U. S. Rubber Export Co., Ltd.	New York City
Hynson, Garret P.	S. D. Warren & Co.	Boston, Mass.
Igleheart, Egar.	Igleheart Bros. Flour Mills.	Evansville, Ind.
Illig, E. S.	Bethlehem Steel Company.	Pittsburgh, Pa.
Ingalls, R. L., Pres.	The Ingalls Iron Works Co.	
	Birmingham Metal Mfrs' Ass'n.	Birmingham, Ala.
Ingals, W. F.	Central Tube Co.	Pittsburgh, Pa.
Ives, Joel B.	R. Martens & Co., Inc.	New York City
Jackson, George		
Somerville, Pres.	North American Export Grain Association	Baltimore, Md.
Jacobsen, J. J.	Morris & Co.	Chicago, Ill.
Jacobstein, Meyer		
(Professor)	University of Rochester	
	Rochester Chamber of Com.	Rochester, N. Y.
Jamison, C. L.,		
Asst. Treas.	A. M. Byers Co.	Pittsburgh, Pa.
Jarvis, T. N., V.-P.	Lehigh Valley R. R.	New York City
Jenkins, C. H.	Hutchinson Coal Co.	Fairmont, W. Va.
Jenkins, V. Clement.	Business Training Corporation.	New York City
Jenkins, Paul W.,		
Sales Manager.	Macheth Evans Glass Company.	Pittsburgh, Pa.
Jenkinson, A. M.		
The Jenkinson Co.	Tobacco Merchants' Association of the United States.	Pittsburgh, Pa.
Jennings, Charles E.	C. E. Jennings & Co.	
	National Foreign Trade Council.	New York City
Jennings, J. L.	C. E. Jennings & Co.	New York City
Jewett, G. W.	American Steel & Wire Co.	Trenton, N. J.
Johnson, Alba B.		
Prest., Baldwin Lo-	comotive Works.	Federal Reserve Bank of Phila.
		Nat'l Foreign Trade Council.
		Phila. Chamber of Commerce
		Chamber of Commerce of U. S.
		A. Philadelphia, Pa.
Johnson, A. V.	Mansfield Hardware Mfg. Co.	Winfield, La.
Johnson, C. A.	Gisholt Machine Co.	Madison, Wis.
Johnson, E. A.,		
Gen. Sales Mgr.	Duff Mfg. Co.	Pittsburgh, Pa.
Johnson, F. R.,		
Mgr., Export Dept.	Standard Sanitary Mfg. Co.	New York City
Johnson, John T.	Pittsburgh Steel Products Co.	Pittsburgh, Pa.
Johnson, M. E.	Pittsburgh Steel Co.	New York City
Johnson, Reeves K.	Baldwin Locomotive Works.	Philadelphia, Pa.
Johnston, Charles M.	Pittsburgh Chamber of Com.	Pittsburgh, Pa.
Johnston, C. T.	Republic Iron & Steel Co.	Youngstown, O.
Johnston, Franklin.	American Exporter.	New York City
Johnstone, Homer C.	Gaston, Williams & Wigmore, Inc.	New York City
Jones, Arthur R.,		
Asst. Secretary.	Guaranty Trust Co. of N. Y.	New York City
Jones, Arthur W.	General Electric Co.	Schenectady, N. Y.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Jones, E. F.,		
Gen. Mgr. & Treas.	Morgan Spring Co.	Worcester, Mass.
Jones, Edw. H.	Libby, McNeill & Libby	Chicago, Ill.
Jones, Frank.	Lewis Simas Jones Co.	San Francisco, Cal.
Jones, Montfort.	School of Economics, University of Pittsburgh	Pittsburgh, Pa.
Jones, Paul C.	Santa Cruz Portland Cement Co.	
	Standard Portland Cement Corp.	San Francisco, Cal.
Jones, Raymond E.	The Royal Bank of Canada	New York City
Jones, T. H.,		
Mgr. of Sales.	Whitaker-Glessner Co.	
	Portsmouth, O., Board of Trade.	Wheeling, W. Va.
Jones, Wm. Larimer.	Jones & Laughlin Steel Co.	Pittsburgh, Pa.
Joy, Benjamin, V.-P.	The National Shawmut Bank	Boston, Mass.
Jurden, R. L., Pres.	Penrod, Jurden, McCowan	
	American Oak Mfg. Co.	Memphis, Tenn.
Kafka, Frank.	Vulcan Steel Products Co.	New York City
Kahil, A. A.	U. S. Steel Products Co.	New York City
Kahl, Ernest A.	W. R. Grace & Co.	San Francisco, Cal.
Kasten, Walter.	Wisconsin National Bank	Milwaukee, Wis.
Kauffman, Walter L.,		
Credit Manager.	Youngstown Sheet & Tube Co.	Youngstown, O.
Kaufman, Emanuel.	Emanuel Kaufman	Pittsburgh, Pa.
Kavanaugh, T. K.	Mississippi Valley Trust Co.	
	St. Louis Assn. of Credit Men	St. Louis, Mo.
Kelly, F. A.	American Steel Export Co.	New York City
Kelly, M. B.	American Steel Co.	Pittsburgh, Pa.
Kelley, John A., Sec.	Foreign Trade Committee	
	Chamber of Commerce	Columbus, O.
Kelley, M. H.	Kelly, Howe Thomson Co.	
	West Coast Lumbermen's Assn.	Duluth, Minn.
Kennedy, A. R.	Pittsburgh Steel Co.	Pittsburgh, Pa.
Kennedy, Julian,		
Consulting Engr.	Pittsburgh Convention Committee	Pittsburgh, Pa.
Kennedy, J. J.	Nat'l Tube Co.	Pittsburgh, Pa.
Kenney, Elwood,		
Export Manager.	The Esterbrook Steel Pen Mfg. Co.	New York City
Kent, Fred I., V.-P.	Bankers' Trust Co.	
	Nat'l Foreign Trade Council	New York City
Kerr, D. G., V.-P.	U. S. Steel Corporation	New York City
Kessel, William N.,		
Export Trade Sec.	Buffalo Chamber of Commerce	Buffalo, N. Y.
Keyerleber, Harry W.	National Carbon Co.	Cleveland, O.
Khuen, Richard, Jr.	American Bridge Co.	
	National Erectors' Association	Pittsburgh, Pa.
Kimbler, T. C.	Mo. Pac. Ry.	St. Louis, Mo.
Kimmich, Charles.	Chamber of Commerce	Charleston, S. C.
King, Charles P.	South American Publishing Co.	New York City
King, S. L., Jr.,		
General Agent	Wells, Fargo & Co.	Pittsburgh, Pa.
King, W. C.	Independent Chemical Co.	New York City
King, Willis L., V.-P.	Jones & Laughlin Steel Co.	
	Pittsburgh Convention Committee	Pittsburgh, Pa.
Kinnear, Roy J.	G. Kinnear Co.	
	Seattle Chamber of Commerce	Seattle, Wash.
Kirkland, H. B.,		
Vice-President	The American Conduit Mfg. Co.	Pittsburgh, Pa.
Klee, W. B.	Damascus Bronze Co.	Pittsburgh, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Klippel, George C.		
W.	Elyria Iron & Steel Co.	Cleveland, O.
Knapp, W. B.	Knapp & Baxter.	San Francisco, Cal.
Kneeland, Edward.	United Engineering & Foundry Co.	Pittsburgh, Pa.
Knowlton, G. S.	Knowlton Bros.	Watertown, N. Y.
Knox, Hugh R.	Bernard Judae & Co.	Chicago, Ill.
Knox, Kerro	H. K. Mulford Co.	Philadelphia, Pa.
Knox, L. L.	Knox Pressed & Welded Steel Co.	Pittsburgh, Pa.
Knox, W. H.	American Exporters' & Importers' Association.	New York City
Koch, C. S., Pres.	Ft. Pitt Steel Castings Co.	
	McKeesport Chamber of Com.	McKeesport, Pa.
Koch, Edward.	The Fort Recovery Stirrup Co.	Ft. Recovery, Ia.
Koch, Dr. Julius A.	American Pharmaceutical Assn.	Pittsburgh, Pa.
Kohn, Leo	Brazilian Mercantile Co.	New York City
Kraut, Hans B.	Joseph T. Ryerson & Son.	New York City
Krenson, W. D.	Savannah Board of Trade.	Savannah, Ga.
Kretz, George H.	The National Park Bank.	New York City
Kroh, Herbert R.	United Press.	Pittsburgh, Pa.
Kurtz, C. W.	American Window Glass Co.	Pittsburgh, Pa.
Kurtz, T. N.	Standard Refractories Co.	Claysburg, Pa.
Lackner, R. A., General Manager.	Neely Nut & Bolt Co.	Pittsburgh, Pa.
Lamont, R. P., Pres.	American Steel Foundries.	Chicago, Ill.
Lanahan, Frank J.	Ft. Pitt Malleable Iron Co. Chamber of Commerce.	Pittsburgh, Pa.
Langdon, C. S.	Pitch Pine & Douglas Fir Lumber Co.	New York City
Lanphier, R. C., General Manager.	Sangamo Electric Co. Springfield Commercial Assn.	Springfield, Ill.
LaPierre, G. M.	Postum Cereal Co.	Battle Creek, Mich.
Lau, H. B.	Moorhead Knitting Co., Inc. Harrisburg Chamber of Com.	Harrisburg, Pa.
Lauffer, Joseph	J. S. Kirk & Co.	Pittsburgh, Pa.
Laughlin, Alex., President.	Central Tube Co.	Pittsburgh, Pa.
Lavino, Edward J.	E. J. Lavino & Co.	Philadelphia, Pa.
Lawrence, John S.		
Lawrence & Co.	National Association of Cotton Manufacturers National Foreign Trade Council.	Boston, Mass.
Lawton, Harry.	The Fort Dearborn National Bank President, Foreign Traders' Association of Chicago.	Chicago, Ill.
Lee, Clinton R.	Lee Broom & Duster Co.	Lincoln, Neb.
Lee, C. Stewart.	The Pusey & Jones Co. Wilmington Chamber of Com.	Wilmington, Del.
Lee, V. W.	Judson Freight Forwarding Co., Chicago, Ill.	San Francisco, Cal.
LeFevre, Harvey J.	H. K. Porter Co.	Pittsburgh, Pa.
LeGendre, Wm. C.	Brown Bros. & Co.	New York City
Lehman, Albert C., President.	Blaw Steel Construction Co. Blaw Steel Products Co. National Mfrs. Export Assn.	Pittsburgh, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Lehman, Alvin J....	Lehman-Rosenfeld & Co.....	
	Cincinnati Chamber of Com.....	Cincinnati, O.
Lehman, I. F.....	Knox Pressed & Welded Steel Co.....	Pittsburgh, Pa.
Leigh, W. E.....	Western Electric Co., Inc.....	New York City
Leitzell, Frank O....	H. K. Porter Co.....	Pittsburgh, Pa.
Lent, John F., Pres..	Lent Traffic Co.....	Pittsburgh, Pa.
Leonard, Thomas,		
N. Y. Sales Mgr....	Ames Iron Works, Oswego, N. Y.	New York City
Leopold, F. B.....	Pittsburgh Filter Mfg. Co.	
	American Mfrs. Export Assn....	Pittsburgh, Pa.
Letcher, Marion,		
For. Trade Adviser.	Department of State.....	Washington, D. C.
Level, A. D.....	The Berger Manufacturing Co...	New York City
Leonard J. Lewery..	R. M. Ford & Co.....	New York City
Lewis, Clancy M.,		
Vice-President	Fuller Pub. Co.	
	Manufacturers' Association	
	Chamber of Commerce.....	Seattle, Wash.
Lewis, George L....	Lewis Electric Welding & Mfg.	
	Co.	
	Toledo Commercial Club	
	Toledo Association of Credit Men	
	Wholesale Merchants' & Manu-	
	facturers' Board of the Toledo	
	Commerce Club	Toledo, O.
Lewis, Harrison C.,		
Treas. & Gen'l		
Mgr.	National Paper & Type Co.	
	Pan-American Union	
	National Foreign Trade Council..	New York City
Lilley, A. S.....	Palace Hotel Co.....	San Francisco, Cal.
Lincoln, F. O.....	Morse Twist Drill & Machinery	
	Co.	New Bedford, Mass.
Lincoln, Kirke P....	H. K. Porter Co.....	Pittsburgh, Pa.
Lind, L. J., V.-P....	Witherow Steel Co.....	Pittsburgh, Pa.
Linderman, W. S.,		
Vice-President	Duquesne National Bank.	
	Pittsburgh Chamber of Com.....	Duquesne, Pa.
Lindo, Daniel	Byllesby Mercantile Corporation.	New York City
Lindsay, Wm. E.,		
President	Lindsay & McMechin Lumber Co.	Chapel Hill, N. C.
Lindström, C. A....	Pressed Steel Car Co.	
	Western Steel Car & Foundry Co.	
	Pittsburgh Convention Committee.	New York City
Linehan, Joseph T...		
Sales Manager ...	The Mowbry & Robinson Co....	Cincinnati, O.
Lipman, F. L.....	Wells Fargo Nevada National	
	Bank of San Francisco.....	San Francisco, Cal.
Livingston, E. S.,		
President	Board of Marine Underwriters...	San Francisco, Cal.
Lloyd, F. H.,		
President	Pittsburgh Dry Goods Co.	
	Nat'l Wholesale Dry Goods Asso-	
	ciation, Philadelphia, Pa.....	Pittsburgh, Pa.
Loewenstein, M. F.,		
President	Pacific Commercial Co.....	New York City
Loneragan, J. L....	Morris Machine Works.....	Baldwinsville, N. Y.
Long, George E....	Joseph Dixon Crucible Co.....	Jersey City, N. J.
Look Tin, Eli, Prest.	Canton Bank	San Francisco, Cal.
Loomis, W. D.....	Cadillac Motor Car Co.....	Detroit, Mich.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Lord, Bertram, Financial & Foreign Mgr.	Wells, Fargo & Co.	New York City
Lord, Everett W., Dean	College of Business Administration, Boston University	Boston, Mass.
Lough, W. H.	Business Training Corporation	New York City
Lowe, William T.	American Window Glass Co.	Pittsburgh, Pa.
Lower, Walter W., Sec. & Treas.	National Association of Sheet & Tin Plate Manufacturers	Pittsburgh, Pa.
Lukens, George N., Mgr. of Exp. Sales	Macbeth Evans Glass Co.	New York City
Lumry, W. R.	Associated Manufacturers' Co.	Waterloo, Wis.
Lunde, Theodore H.	American Industrial Co.	Chicago, Ill.
Lyle, C. R., Asst. Manager	Armstrong Cork & Insulation Co. American Assn. of Refrigeration	New York City
Lynch, Hugh, Sec.	Perth Amboy Board of Trade	Perth Amboy, N. J.
Lynch, Robert Newton, V.-P. & Gen. Mgr.	San Francisco Chamber of Commerce	San Francisco, Cal.
Lyon, Harold A., Ass't Sec.	Boston Chamber of Commerce	Boston, Mass.
Lyons, Henry S., Sec.	New England Coal & Coke Co.	Boston, Mass.
McAteer, Howard W.	American Steel Export Co.	New York City
McCafferty, E. D.	H. J. Heinz Co.	Pittsburgh, Pa.
McCabe, Harry M.	Sun Vapor & Gas Street Light Co.	Canton, O.
McC Campbell, George M. Jr., Publisher	<i>El Comercio</i>	New York City
McCandless, Geo. W.	McConway & Torley Co. Pittsburgh Chamber of Com.	Pittsburgh, Pa.
McCandlish, Lindsay	Hutchinson Coal Co.	Philadelphia, Pa.
McCarty, Evans	United Lead Co.	New York City
McClave, Norman	Sligh Furniture Co.	Grand Rapids, Mich.
McClure, Chas. W.	The McClure Co. Saginaw Board of Trade Michigan Manufacturers' Assn.	Saginaw, Mich.
McClure, J. W.	Chamber of Commerce	Memphis, Tenn.
McConahey, S. C.	Westinghouse Air Brake Co.	Wilmerding, Pa.
McConnell, B. M.	Firestone Tire & Rubber Co.	Akron, O.
McCook, W. F.	Pittsburgh Steel Co.	Pittsburgh, Pa.
McCormick, Samuel Black, Chancellor	University of Pittsburgh	Pittsburgh, Pa.
McCue, H. P., Gen. Mgr. Transportation	Pittsburgh Coal Co.	Pittsburgh, Pa.
McCurrach, Joseph, Mgr., Foreign Exchange Dept.	Continental & Commercial Nat'l Bank	Chicago, Ill.
McEldowney, H. C.	Union Trust Co. Pittsburgh Convention Committee	Pittsburgh, Pa.
McElhany, Chas. B.	American Steel Export Co.	New York City
McGee, Harry L.	Concrete Steel Co.	New York City
McGinley, J. R.	Duff Mfg. Co. Pittsburgh Convention Committee	Pittsburgh, Pa.
McGinley, Thos. A.	Duff Mfg. Co. American Mfrs. Export Assn.	Pittsburgh, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
McGuire, Constantine		
E.	International High Commission (United States Section) Treasury Department	Washington, D. C.
McHenry, C. L., Sec.	H. K. Porter Co.....	Pittsburgh, Pa.
McIntosh, C. K., Vice-President	Bank of California.....	San Francisco, Cal.
McKay, Douglas I.	J. G. White & Co.....	New York City
McKean, Q. A. Shaw.	Calumet & Hecla Mining Co.....	Boston, Mass.
McKellar, R. L., Foreign Freight Traffic Mgr.....	Southern Ry. Co. Louisville Board of Trade.....	Louisville, Ky.
McKillips, Chas. E.	American Steel Export Co.....	Pittsburgh, Pa.
McKinley, Charles....	Capital Press Bureau.....	Washington, D. C.
McKinley, E.	Pittsburgh Steel Co.....	Pittsburgh, Pa.
McLaughlin, J. A., Jr.	Charles A. Schieren Co.....	Pittsburgh, Pa.
McLean, J. E., Manager Sales....	Cambria Steel Co.....	Pittsburgh, Pa.
McLeod, John.....	Carnegie Steel Co.....	Pittsburgh, Pa.
McLucas, W. S., President	Commerce Trust Co.....	Kansas City, Mo.
McMillan, Robert....	Pittsburgh Steel Co.....	Pittsburgh, Pa.
McMullin, M. K.	American Window Glass Co. Pittsburgh Convention Committee.	Pittsburgh, Pa.
McNaugher, D. W....	Robert W. Hunt & Co. Manufacturers' Assn. of Chicago.	Pittsburgh, Pa.
McNear, S. B., V.-P.	Sperry Flour Co.....	San Francisco, Cal.
McPherson, D. H....	Chas. A. Schieren & Co.....	Philadelphia, Pa.
McQuillen, J. J.	Morgan Engineering Co.....	Pittsburgh, Pa.
McSweeney, Edward F.	Terminal Zone Association.....	Boston, Mass.
Macartney, J. W., N. Y. Manager....	Bessemer Gas Engine Co., Grove City, Pa.	New York City
MacGlashan, Wm....	Buffalo Chamber of Commerce...	Buffalo, N. Y.
Mack, A. F.	Federal Shipping Co., Inc.....	New York City
Madden, Jay.....	Parsons & Whittemore, Inc..... Corn Products Refining Co. Illinois Mfrs. Assn., Chicago, Ill. American Mfrs. Assn. of Prod-	New York City
Mahana, G. S.	ucts from Corn	New York City
Maher, C. T.	F. C. Huyck & Sons.....	Albany, N. Y.
Mahoney, W. H., Mgr. Foreign Trade Bureau ...	The Merchants' Association of New York	New York City
Mangam, A. M.	Irving National Bank.....	New York City
Mannheimer, Morton.	Evansville Packing Co. Evansville Chamber of Commerce Evansville Mfrs. Association....	Evansville, Ind.
Manning, William E.	The Youngstown Sheet & Tube Co.	Youngstown, O.
Mansfield, E. G.	Buffalo Chamber of Commerce...	Buffalo, N. Y.
Marburg, Louis C., Sec. & Treas.	Marburg Brothers, Inc.....	New York City
Marburg, Theodore H., President.	Marburg Brothers, Inc.....	New York City
Marchant, C. R.	Manufacturers' Record	Baltimore, Md.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Markay, J. J.....	National Wrought Iron Annealing Box Co.....	Washington, Pa.
Markham, Joseph T., Mgr. of Sales.....	Southern Wheel Co.....	St. Louis, Mo.
Marks, H. E.....	Asbestos Protected Metal Co.....	Pittsburgh, Pa.
Marriott, Crittenden.....	<i>The Manufacturers' Record</i>	Baltimore, Md.
Marsh, A. L.....	Dodwell & Co., Ltd.....	New York City
Marsh, W. A., Gen. Mgr. of Sales.....	Pittsburgh Coal Co.....	Pittsburgh, Pa.
Martin, E. H.....	International News Bureau.....	Pittsburgh, Pa.
Martin, H. P.....	International Acheson Graphite Co.	Niagara Falls, N. Y.
Martin, Selven O....	American International Corporation	New York City
Mason, Joseph J., Export Dept.....	McElwain, Morge & Rogers.....	New York City
Mason, Stephen C....	McConway & Torley Co. National Association of Mfrs. Pittsburgh Chamber of Commerce American Manufacturers' Export Association	Pittsburgh, Pa.
Masters, Francis R..	Lawrence & Co.	New York City
Matchette, A. S., Traveling Solicitor.....	Pennsylvania R. R. Cincinnati Chamber of Com.....	Cincinnati, O.
Matheson, George Jr., Vice-President	Spang, Chalfant & Co., Inc.....	Pittsburgh, Pa.
Matthiessen, T.....	Columbia Tool Steel Co.....	Chicago, Ill.
Mattern, G. A.....	San Francisco Chamber of Com..	San Francisco, Cal.
Mayer, George.....	Strouse, Adler & Co.....	New York City
Mayer, George H....	American Window Glass Co.....	Pittsburgh, Pa.
Meagher, Arthur P..	St. Louis Chamber of Com.....	St. Louis, Mo.
Mears, Eliot Grinnell (Hon.), Chief, Div. Commercial Agts.....	Bureau of Foreign & Domestic Commerce, Dept. of State.....	Washington, D. C.
Meese, Constant.....	Meese & Gottfried Co. San Francisco Chamber of Com. National Association of Mfrs.	San Francisco, Cal.
Megie, Benjamin.....	Crucible Steel Co.....	Pittsburgh, Pa.
Mehren, E. J., Editor.....	McGraw Publishing Co., Inc.....	New York City
Mellen, A. W.....	Mellen National Bank.....	Pittsburgh, Pa.
Mellen, R. B.....	Mellen National Bank.....	Pittsburgh, Pa.
Menendez, Jose	H. B. Claflin Corp.....	New York City
Mennel, Mark.....	Harter Milling Co. Millers' National Federation.....	Toledo, O.
Merriam, W. B., Vice-President	Ames Iron Works, Oswego, N. Y.	New York City
Mesta, C. J.....	Mesta Machine Co.....	Pittsburgh, Pa.
Mesta, George.....	Mesta Machine Co..... Pittsburgh Convention Committee.....	Pittsburgh, Pa.
Methfessel, C. A....	Duff Manufacturing Co.....	New York City.
Metz, C. M.....	J. Spencer Turner Co.....	New York City
Metzler, C. G., Transportation Manager	Caldwell & Co.....	Pittsburgh, Pa.
Meyer, A. F., General Agent.....	C. C. C. & St. L. Ry. Co.....	Pittsburgh, Pa.
Meyer, H. H.....	National Paper & Type Co.....	New York City
Middlemas, Geo. E..	H. M. Newhall & Co.....	San Francisco, Cal.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Miller, C. E.....	Lucey Manufacturing Corp.....	New York City
Miller, H. J.....	Pittsburgh Steel Co.....	Pittsburgh, Pa.
Miller, Jere A. (Col.)	Wheeling Commercial Assn.....	Wheeling, W. Va.
Miller, Thomas H....	Tri-State News Bureau.....	Pittsburgh, Pa.
Milliken, I. H.....	The McConway & Torley Co.....	Pittsburgh, Pa.
Mills, E. D., Mgr....	Westinghouse Electric Export Co.	New York City
Miner, Edward G....	The Pfaudler Co. Rochester Chamber of Com.....	Rochester, N. Y.
Mingus, G. W.....	American Railway Equipment Co.	Pittsburgh, Pa.
Mitchell, George B....	Jones & Laughlin Steel Co.....	Pittsburgh, Pa.
Mitchell, George J....	Chicago Assn. of Commerce. Foreign Traders' Association of Chicago	Chicago, Ill.
Mitchell, W. N.....	B. & O. Railroad.....	Atlanta, Ga.
Moebus, H. G.....	Newport Rolling Mill Co. National Association of Sheet & Tin Plate Mfrs.	Newport, Ky.
Moffat, A. Q.....	Wheeling Corrugating Co. American Association of Sheet & Tin Plate Mfrs.....	Wheeling, W. Va.
Mogan, C. J.....	Pittsburgh Steel Co.....	Pittsburgh, Pa.
Monro, William L....	American Window Glass Co. Pittsburgh Chamber of Com.....	Pittsburgh, Pa.
Moody, Samuel, Passenger Traffic Manager.	Pennsylvania Lines West of Pitts- burgh Pittsburgh Chamber of Com.....	Pittsburgh, Pa.
Moon, Byron G.....	Hall Hartwell Co.....	Troy, N. Y.
Moore, E. A., V. P..	The Stanley Works.....	New Britain, Conn.
Moore, Harry E., Sec.-Treas.	Lansing Co. Chamber of Commerce.....	Lansing, Mich.
Moore, H. G., Gen. Sales Mgr....	Keystone Steel & Wire Co. Peoria Chamber of Commerce...	Peoria, Ill.
Moorhead, R. W....	Moorhead Knitting Co., Inc. Harrisburg Chamber of Com.....	Harrisburg, Pa.
Morgan, G. E.....	C. F. & G. E. Morgan.....	Cleveland, O.
Morgan, G. O., V.-P.	First National Bank of Birming- ham	Pittsburgh, Pa.
Morgan, Jr., G. O....	Aluminum Co. of South America.	Pittsburgh, Pa.
Moroney, John A....	Goodyear Tire & Rubber Co.....	Akron, O.
Morris, A. F., Sales Manager	Morgan Engineering Co.....	Alliance, O.
Morris, R. D.....	Spang, Chalfant & Co., Inc.....	Pittsburgh, Pa.
Morris, W. J., Asst. Treasurer....	Youngstown Sheet & Tube Co...	Youngstown, O.
Morrow, H. G., Asst. Gen. Mgr. of Sales	Central Tube Co.....	Pittsburgh, Pa.
Morrow, John T., Vice-President	Factory Products Export Corp...	New York City
Moss, T. B.....	Texas & Pacific R. R. New Orleans Assn. of Commerce.	New Orleans, La.
Muchnic, Charles M.	American Locomotive Sales Corp. National Foreign Trade Council Chamber of Commerce of the United States of America.....	New York City

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Muench, Louis.....	Republic Chemical Co.....	Pittsburgh, Pa.
Mulford, H. K.....	H. K. Mulford Co.....	Philadelphia, Pa.
Munn, John R.....	American Woolen Co.....	New York City
Murphy, D. Hayes, President	The American Conduit Mfg. Co. Associated Manufacturers of Electrical Supplies	Pittsburgh, Pa.
Murray, Charles R..	Barnhart Bros. & Spindler.....	Chicago, Ill.
Musson, J. H.....	Chicago Assn. of Commerce.....	Chicago, Ill.
Myers, Barton.....	Chamber of Commerce.....	Norfolk, Va.
Neidlinger, George H., President	Peerless Tube Co.....	Bloomfield, N. J.
Neilson, Jason A., Vice-President	Mercantile Bank of the Americas, Inc.	New York City
Newkirk, J. L., Export Manager ..	Chattanooga Medicine Co.....	Chattanooga, Tenn.
Newland, Harrod C.	Cleveland Representative the Na- tional City Bank of New York.	Cleveland, O.
Newton, L. L., Sales Manager.....	Luther Grinder Co. Merchants' and Manufacturers' Association of Milwaukee.....	Milwaukee, Wis. Detroit, Mich.
Nichols, J. Brooks..		
Nichols, William Wallace	American Mfrs. Export Assn. Merchants' & Manufacturers' As- sociation of Wisconsin Allis-Chalmers Mfg. Co.....	New York City
Nickel, Ernst.....	U. S. Glass Co.....	Pittsburgh, Pa.
Nimmo, Weldon C..	E. L. Parker & Nimmo Co.....	Baltimore, Md.
Noble, D. C.....	Pittsburgh Spring & Steel Co....	Pittsburgh, Pa.
Nordman, J. J., Sec'y.	Executive Committee of Pitts- burgh Convention Committee.....	Pittsburgh, Pa.
North, A. F.....	Chas. A. Schieren Co.....	New York City
Norton, S. S.....	Norton, Lilly & Co.....	New York City
Norton, S. V.....	B. F. Goodrich Co. Chamber of Commerce.....	Akron, O.
Nutty, G. R., V-P..	Gulf Refining Co. Chamber of Commerce.....	Pittsburgh, Pa.
O'Brien, D. F.....	A. P. Smith Mfg. Co. Newark Board of Trade.....	East Orange, N. J.
Odell, Frank G.....	Farmers' National Congress of the U. S.....	Omaha, Nebraska
O'Donnel, R. L.....	Pittsburgh Railroad Co. Pittsburgh Chamber of Commerce Pittsburgh Convention Committee.....	Pittsburgh, Pa.
O'Donnell, William J.	"Latin American Trade" Class, Columbia University	New York City
Ogden, George D....	Pennsylvania Railroad	Philadelphia, Pa.
Olds, E. C.....	The Colony Advertising Com- pany, Inc.	New Haven, Conn.
Olds, Norman E., Secretary	Exporters' Encyclopædia Co.....	New York City
Oliver, Charles	Oliver Iron & Steel Company....	Pittsburgh, Pa.
Oliver, Henry, President	Oliver Iron & Steel Company....	Pittsburgh, Pa.
Olmsted, George....	J. W. Butler Paper Co.....	Chicago, Ill.
Olmsted, H. A.....	J. W. Butler Paper Co.....	Chicago, Ill.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
O'Neill, F. G. C., Asst. Sec. Fourth Nat. For. Trade Convention . . .	National Foreign Trade Council . .	New York City
O'Neil, J. F.	Chamber of Commerce	St. Louis, Mo.
Orbanowski, B. K., Treasurer	American Steel Export Co.	New York City
O'Reilly, G. A.	Irving National Bank	New York City
Orendorff, V. G.	Parlin & Orendorf Co.	Canton, Ill.
Owitz, Nathan, Sales Manager	J. P. Devine Co. Chamber of Commerce	Buffalo, N. Y.
Page, Ralph H.	Trussed Concrete Steel Co. of New York City	Youngstown, O.
Pargny, E. W.	American Sheet & Tin Plate Co.	Pittsburgh, Pa.
Parker, Walter	Association of Commerce	New Orleans, La.
Parr, Fred D., Pres.	Parr, McCormick Steamship Line	San Francisco, Cal.
Pascoe, Charles H.	American Window Glass Co.	New York City
Patchin, R. H., Sec.	National Foreign Trade Council	New York City
Patterson, W. I.	Steel City Electric Co.	Pittsburgh, Pa.
Patterson, W. J.	Heyl & Patterson, Inc.	Pittsburgh, Pa.
Patterson, Wm. M.	Frick & Lindsay Co.	Pittsburgh, Pa.
Paxon, A. B.	Hazel Atlas Glass Co.	Wheeling, W. Va.
Peairs, Will A.	V. P. Chamberlain Medicine Co.	Des Moines, Ia.
Pearson, A. C.	Dry Goods Economist	New York City
Peck, Frank A., Vice-President	Cleveland Railway Supply Co. Cleveland Chamber of Com.	Cleveland, O.
Peck, Horace S., Treasurer	Peck Engineering & Mfg. Co. Rochester Chamber of Com.	Rochester, N. Y.
Peck, William E.	William E. Peck & Co. Chamber of Commerce of the State of N. Y. Pan-American Union	New York City
Peden, D. D., V.-P. & Treas.	Peden Iron & Steel Co. National Hardware Association of the United States	Houston, Texas
Pelton, R. R.	The Welch Grape Juice Co.	Westfield, N. Y.
Penny, David H. G.	Irving National Bank	New York City
Penton, John A., President	The Penton Publishing Co.	Cleveland, O.
Peterson, H. Talbot	Charles A. Schieren Co.	Pittsburgh, Pa.
Phillips, Sidney M.	M. Phillips & Co.	San Francisco, Cal.
Phillips, W. Vernon	F. R. Phillips & Sons Co.	Philadelphia, Pa.
H. B. Phipps	Export Manager	Hudson Motor Car Co., Detroit, Mich.
Phoenix, J. J., President	Bradley Knitting Co.	Delavan, Wis.
Pickard, Edward T.	Minot Hooper & Co.	New York City
Pierson, Lewis E., Chairman Board of Directors	Irving National Bank The Merchants' Association of New York American Bankers' Association . . National Foreign Trade Council . .	New York City

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Pigott, William, Vice-President	National Foreign Trade Council. Seattle Car & Foundry Co..... Pacific Coast Steel Co.....	Seattle, Wash.
Pillsbury, C. S.....	Chicago Bridge & Iron Works...	Chicago, Ill.
<i>Pittsburgh Chronicle Telegraph</i>		Pittsburgh, Pa.
<i>Pittsburgh Dispatch, The</i>		Pittsburgh, Pa.
<i>Pittsburgh Leader, The</i>		Pittsburgh, Pa.
<i>Pittsburgh Post, The</i>		Pittsburgh, Pa.
<i>Pittsburgh Press, The</i>		Pittsburgh, Pa.
<i>Pittsburgh Sun, The</i>		Pittsburgh, Pa.
Plantiff, Gaston....	Ford Motor Company.....	New York City
Plathow, Arno	Reliance Paint Co.....	Cincinnati, O.
Plumb, Joseph H....	Fayette R. Plumb, Inc.....	Philadelphia, Pa.
Poe, Frank N., Asst. Secretary....	Foreign Trade Bureau.....	Philadelphia, Pa.
Poggenburg, George F. W., Mgr., Export Dept....	General Motors Truck Co.....	New York City
Pollock, W. F.....	Massachusetts Saw Works.....	Springfield, Mass.
Polsey, George A....	Second National Bank of Boston.	Boston, Mass.
Porter, E. C., Sec...	American-Russian C. of C.....	New York City
Porter, J. D.....	Aluminum Co. of South America.	Pittsburgh, Pa.
Porter, James E., Secretary	Firth Sterling Steel Co.....	McKeesport, Pa.
Porter, T. W., W. S. Haine Co...	Buffalo Chamber of Commerce..	Buffalo, N. Y.
Porter, W. J.....	A. Kimball Co.....	New York City
Postnikoff, A. S., President	International Manufactures Sales Company of America.....	Chicago, Ill.
Powell, H. T.....	The Standard Oil Company San Francisco Chamber of Com. San Francisco Ass'n of Credit Men	San Francisco, Cal.
Powell, J. W.....	Fore River Shipbuilding Corp....	Quincy, Mass.
Potter, Robert.....	The National Shawmut Bank....	Boston, Mass.
Powell, W. W.....	Mesta Machine Co.....	Pittsburgh, Pa.
Pratt, Hon. Edward Ewing, Chief, Bu- reau of Foreign & Domestic Com- merce	Department of Commerce.....	Washington, D. C.
Preston, Veryl	The Eastern Steel Co.....	New York City
Price, Ed., Jr.....	Midvale Steel Company.....	Pittsburgh, Pa.
Price, William F....	Morris & Company.....	Chicago, Ill.
Proctor, W. L.....	U. S. Rubber Export Co.....	New York City
Proffitt, Edward J. W., Treasurer....	The Trading Co. of North Amer- ica Proffitt-Larcher Advertising Co., U. S. Chamber of Commerce Providence Chamber of Com....	Providence, R. I.
Purnell, Frank.....	The Youngstown Sheet & Tube Co.	Youngstown, O.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Purvis, O. B., For- eign Traffic Mgr....	D. C. Andrews & Co., Inc.....	Pittsburgh, Pa.
Puter, L. F.....	Humbolt Chamber of Com.....	Eureka, Cal.
Pyncheon, Charles E.	Joseph T. Ryerson & Son Chicago Asso. of Commerce....	Chicago, Ill.
Radford, Robert	The Standard Steel Works Co....	Philadelphia, Pa.
Ralston, B. M.....	The Pan-American Trades Asso.	Indianapolis, Ind.
Ramsbottom, D. H..	National Tube Company.....	Pittsburgh, Pa.
Raschen, Prof. J. F. L.	University of Pittsburgh	Pittsburgh, Pa.
Rea, C. S., Vice-President ...	The Ralston Steel Car Co.....	Pittsburgh, Pa.
Read, W. T.....	Morse Twist Drill & Machinery Co.	New Bedford, Mass.
Record, James L....	Minneapolis Steel & Machinery Co.	Minneapolis, Minn.
Reed, J. C.....	Standard Scale & Supply Co....	Pittsburgh, Pa.
Reed, J. H.....	Bessemer & Lake Erie Co. Pittsburgh Convention Committee.	Pittsburgh, Pa.
Rees, T. M.....	James Rees & Sons.....	Pittsburgh, Pa.
Reichenbach, C. A..	Pittsburgh Steel Co.....	Pittsburgh, Pa.
Reid, Robert C.....	Balfour Guthrie & Co.....	San Francisco, Cal.
Reid, William A., Foreign Trade Specialist	Pan-American Union.....	Washington, D. C.
Reiter, Lues	Rau Fastener Company.....	New York City
Reitz, W. C.....	Pittsburgh Chamber of Commerce Pittsburgh Steel Products Co....	Pittsburgh, Pa.
Reitz, W. J.....	Pittsburgh Steel Co.....	Pittsburgh, Pa.
Reynolds, I. S.....	Nekoosa Edwards Paper Co....	Port Edwards, Wis.
Rhoades, Nelson....	Personal Latin American Inter- ests	Los Angeles, Cal.
Richards, Charles A.	Bowring & Co. The American Exporters' & Im- porters' Association	New York City
Richards, George H. Mgr. Foreign Dept.	Remington Typewriter Co. The Merchants' Association of New York	New York City
Richardson, F. E., President	Pittsburgh Forge & Iron Co....	Pittsburgh, Pa.
Riley, W. J.....	Judson Freight Forwarding Co..	Chicago, Ill.
Ring, Welding, Mailler & Quereau.....	Chamber of Commerce of the State of New York. Nat'l Foreign Trade Council....	New York City
Robbins, M. C., General Manager, The Iron Age...	David Williams Company.....	New York City
Roberts, F. L., For. Trade Sec....	Cleveland Chamber of Com....	Cleveland, O.
Roberts, George H..	Plymouth Cordage Co.....	N. Plymouth, Mass.
Roberts, George L....	Oil Well Supply Co.....	Pittsburgh, Pa.
Robertson, J. D., Vice-President	Pittsburgh Valve Foundry & Con- struction Co.	Pittsburgh, Pa.
Robertson, M. E....	Oneida Community, Ltd.....	Oneida, N. Y.
Robins, H. M., For. Sales Mgr....	Dodge Brothers Detroit Board of Trade.....	Detroit, Mich.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Robinson, Charles R.	Lackawanna Steel Co.	Lackawanna, Erie Co., N. Y.
Robinson, T. W.	Illinois Steel Company	Chicago, Ill.
Robinson, W. Champlin	Merchants & Mfrs. Assn.	Baltimore, Md.
Robinson, W. C., President	National Metal Molding Co.	Pittsburgh, Pa.
Rock, H. A.	The Van Dorn Iron Works	
	Chamber of Commerce	Cleveland, O.
Roebling, Karl G.	John A. Roebling Sons	Trenton, N. J.
Rogers, P. A.	Southern Pine Association	
	Eastman Gardiner & Co.	Laurel, Miss.
Rogers, Weaver H., Vice-President and General Manager	Pittsburgh Iron & Steel Foundries Co.	Pittsburgh, Pa.
Rolph, W. N.	San Francisco Chamber of Com.	San Francisco, Cal.
Rose, Stanley, H.	The Barber Asphalt Paving Co.	
	American Mfrs. Export Assn.	Philadelphia, Pa.
Rosenback, M.		Chicago, Ill.
Ross, P. H. W., President	The National Marine League of the U. S. A.	New York City
Rousmaniere, John E.	J. Spencer Turner Co.	
	National Asso. Cotton Mfrs.	New York City
Rowe, Arthur E.	Malleable Iron Fittings Co.	Branford, Conn.
Rowe, Wallace H., President	Pittsburgh Steel Co.	
	Pittsburgh Convention Committee	Pittsburgh, Pa.
Rowe, William L.	Pittsburgh Steel Products Co.	Pittsburgh, Pa.
Russe, W. H.	Russe & Burgess, Inc.	
	American Oak Mfrs. Asso.	
	Nat'l Foreign Trade Council	Memphis, Tenn.
Russell, E. E., Purchasing Agent	J. I. Case Threshing Machine Co.	Racine, Wis.
Ryan, John D., President	Anaconda Copper Mining Co.	
	National Foreign Trade Council	New York City
Ryan, W. A., Asst. Mgr. of Sales	Ford Motor Company	Detroit, Mich.
Ryan, W. B.	Illinois Central R. R.	Pittsburgh, Pa.
Ryerson, Donald M.	Joseph T. Ryerson & Son	Chicago, Ill.
Sallee, A. D.	R. G. Dun & Co.	Pittsburgh, Pa.
Salmon, Jr., H. H.	Goodyear Tire & Rubber Co.	New York City
San, M. Y.	M. Y. San & Co., Ltd.	Hong Kong, China
Sands, Louis C.	Oil Well Supply Co.	
	Pittsburgh Convention Committee	Pittsburgh, Pa.
Sands, L. E.	First-Second National Bank	Pittsburgh, Pa.
Sapery, H., General Manager	Syracuse Smelting Works	New York City
Sattley, E. C.	Chamber of Commerce	Pittsburgh, Pa.
Savage, H. D.	American Arch Co.	New York City
Schafer, A. E.	Scripps-Booth Corporation	Detroit, Mich.
Schaff, Frederic A., Vice-President	Locomotive Superheater Co.	New York City
Scheeler, I. F.	Lanston Monotype Machine Co.	Philadelphia, Pa.
Schermerhorn, S. G., Executive Vice-P.	United Fruit Co.	New York City

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Schieren, Charles A.	Schieren & Co., Chas. A.	
	National Foreign Trade Council.	New York City
Schiller, Eugene.....	Werner & Pfeiderer Company of	
	Saginaw, Mich.....	New York City
Schiller, Wm. B.....		
President	National Tube Co.	
	Shelby Steel Tube Co.....	Pittsburgh, Pa.
Schleiter, W. F.,		
Vice-Pres. & Sec.	Dilworth, Porter & Co.....	Pittsburgh, Pa.
Schmidt, John C.....	Schmidt & Ault Paper Co.....	York, Pa.
Schmunck, G. Henry,		
President	Pittsburgh Stogie & Cigar Co.	
	Tobacco Merchants' Association	
	of the U. S.....	Pittsburgh, Pa.
Schoff, Wilfred H...	The Philadelphia Commercial	
	Museum	Philadelphia, Pa.
Schott, Henry.....	Montgomery, Ward Co.....	Chicago, Ill.
Schow, George.....	National Stamping & Electric	
	Works	
	Chicago Assn. of Commerce.....	Chicago, Ill.
Schriever, G. A.,		
Asst. Manager		
Foreign Dept....	Mellon National Bank.....	Pittsburgh, Pa.
Schuckl, Max.....	Schuckl & Co.....	San Francisco, Cal.
Scott, George C.....	U. S. Steel Products Co.	New York City
See, Alonzo B.....	A. B. See Electric Elevator Co..	Brooklyn, N. Y.
Seitz, Edward D....	Trafford Board of Trade, Traf-	
	ford, Pa.....	Pittsburgh, Pa.
Seley, C. A.....	American Flexible Bolt Co.....	Pittsburgh, Pa.
Senior, Joseph H....	West India Oil Co.....	New York City
Serkowich, H., Hon.	Consul of Nicaragua at Cincin-	
	nati	
	Mgr. Trade Expansion Dept., Cin-	
	cinnati Chamber of Commerce.	Cincinnati, O.
Seuberth, V. A.....	Chas. A. Schieren Co.....	Chicago, Ill.
Severence, F. W....	S. Severence Mfg. Co.....	Glassport, Pa.
Sevin, John V.....	Judson Freight Forwarding Co...	Pittsburgh, Pa.
Seymour, Sam L.,		
Asst. to Freight		
Traffic Manager.	Pennsylvania Railroad Co.....	Pittsburgh, Pa.
Shainwald, R. S.....	The Paraffine Paint Co.....	San Francisco, Cal.
Shannon, L. C.....	Domestic Engineering Co.....	Dayton, O.
Sherman, Eber C.,		
Mgr. Foreign Dept.	Ford Motor Co.....	New York City
Sherow, N. W.....	A. B. See Electric Elevator Co..	Brooklyn, N. Y.
Sherrard, A. C.....	Baldwin Shipping Co.	
	Illinois Mfrs. Association.....	Chicago, Ill.
Shipley, Murray....	The Lodge & Shipley Machine	
	Tool Co.....	Cincinnati, O.
Shulze, R. G.....	Export Manager S. F. Bowser &	
	Co., Inc.....	Fort Wayne, Ind.
Shuman, Irving	Export Service Corporation....	Chicago, Ill.
Shute, H. D.....	Westinghouse Elec. & Mfg. Co...	East Pittsburgh, Pa.
Siebert, William P..	Carnegie Steel Co.....	Pittsburgh, Pa.
Siemon, T. W.,		
Vice-President	The Union Switch & Signal Co.	
	Pittsburgh Chamber of Com.....	Pittsburgh, Pa.
Silloway, Frank....	Deere & Co.....	Moline, Ill.
Simpson, William		
J. P., Civil Engr..	Seattle Chamber of Commerce...	Seattle, Wash.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Singer, Arthur J.....	Lackawanna Steel Co.....	New York City
Siqueland, T. A., President	Continental Trading Corp., Ltd. Chicago Foreign Trade Commit- tee, Chicago Assn. of Com- merce	Chicago, Ill.
Sisson, Jr., George W., Chair. Execu- tive Committee..	Wrapping Paper Mfrs. Assn.....	Potsdam, N. Y.
Slater, M. B., Superintendent ...	Adams Express Co.....	Pittsburgh, Pa.
Slechta, Joseph J....	Holt & Company Lloyd Brasileiro.....	New York City
Small, G. G. Vice-President ...	United Engineering & Foundry Co.	Pittsburgh, Pa.
Small, Harry H....	Goodman Mfg. Company Chicago Assn. of Commerce.....	Chicago, Ill.
Smith, Acheson, Vice-President & General Mgr....	International Acheson Graphite Co.	Niagara Falls, N. Y.
Smith, Blaine S....	Universal Portland Cement Co...	Chicago, Ill.
Smith, F. D.....	Westinghouse Air Brake Co.....	Wilmerding, Pa.
Smith, Felix Willoughby	Consul of the U. S. of America at Tiflis, Russia.....	Washington, D. C.
Smith, George W., For. Freight Agt..	Star Union Lines.....	Chicago, Ill.
Smith, H. Sanborn, Vice-President	Gulf States Steel Co. Chamber of Commerce.....	Birmingham, Ala.
Smith, James A....	Consul General of the U. S. of America at Calcutta, India....	Washington, D. C.
Smith, John C.....	Oliver Iron & Steel Co.....	Pittsburgh, Pa.
Smith, Pemberton, Argentine Representative ..	U. S. Steel Products Co.....	New York City
Smith, Perry G.....	The Goodyear Tire & Rubber Co.	Akron, O.
Smith, William F., President	Hale Company.....	New York City
Smith, W. Linford, General Manager..	Lee S. Smith & Son Mfg. Co....	Pittsburgh, Pa.
Smith, W. Wylie....	Union Trust Co.....	Pittsburgh, Pa.
Smithers; William W.	Belmont Packing & Rubber Co.. McClintock-Marshall Co., Pitts- burgh, Pa. Woods & Logan, Inc. Allen Hosiery Co., Wayne Junc- tion, Philadelphia, Pa. York Manufacturing Co.....	Philadelphia, Pa.
Smook, L. H.....	The DeVilbiss Mfg. Company...	Toledo, O.
Smythe, Benjamin E., President	Gramatan National Bank N. Y. State Bankers' Ass'n.....	Bronxville, N. Y.
Snider, Guy E., Dr..	College of the City of New York.	New York City
Snow, William Wait.	Ramapo Iron Works	New York City
Snyder, Clayton ...	Pittsburgh Steel Co.....	Pittsburgh, Pa.
Snyder, Wm. P., Jr..	W. P. Snyder & Co.....	Pittsburgh, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Southard, Louis C.,	Treas. & Gen. Mgr. The International Purchasing Co.	
	Committee on Foreign Trade,	
	Boston Chamber of Commerce	Boston, Mass.
Spang, George A....	Spang & Co.....	Butler, Pa.
Speer, R. M.....	American Window Glass Co.....	Pittsburgh, Pa.
Spellmire, W. B....	General Electric Co.....	Pittsburgh, Pa.
Spieth, W. S.....	American Steel Foundries.....	New York City
Stafford, B. E. D....	Flannery Bolt Company.....	Pittsburgh, Pa.
Stanley, W. H.....	Wm. Wrigley, Jr., Co.....	Chicago, Ill.
Stanton, Herbert A..	Norton Company	
	Worcester Chamber of Com.....	Worcester, Mass.
Stanton, W. A.....	General Refractories Co.....	New York City
Stapleton, C. P.,		
Special Represen-		
tative	Keystone Steel & Wire Co.....	Peoria, Ill.
Stark, H. J. L.....	The Lutchter & Moore Lumber	
	Co.	Orange, Texas
Stauffer, L. B.....	The Warner & Swasey Co.....	Cleveland, O.
Stayton, J. W.....	Navy League.....	Washington, D. C.
Steele, J. H. W.....	The J. H. W. Steele Co.....	Galveston, Texas
Steele, Semmes	The J. H. W. Steele Co.....	New York City
Steiner, Albert M....	The Cincinnati Soap Co.....	Cincinnati, O.
Sterling, D. L.....	Borden's Condensed Milk Sales	
	Co., Inc.....	New York City
Sterne, Eugene H...	The Cincinnati Soap Co.	
	Cincinnati Chamber of Com.....	Cincinnati, O.
Steuer, Louis R....	Midvale Steel Co.....	Philadelphia, Pa.
Stewart, Hamilton...	Harbison - Walker Refractories	
	Co.	Pittsburgh, Pa.
Steytler, E.....	Pittsburgh Steel Co.....	Pittsburgh, Pa.
Stieff, Frederick		
Philip, Jr.....	American Manufacturers' Export	
	Association	Baltimore, Md.
Stillman, Edwin A..	Watson Stillman Co.....	New York City
Stinson, John R.,		
Bus. Mgr.	Dental Manufacturers' Club of	
	the United States.....	Chicago, Ill.
Stitt, R. D.....	Selz, Schwab & Co., Chicago, Ill.	Pittsburgh, Pa.
Stitt, Thomas L....	Culver, Andrews, King & Stitt	
	Chicago Assn. of Commerce.....	Chicago, Ill.
Stoddart, Laurence		
B.	Chamber of Commerce of the	
	State of New York.....	New York City
Stokes, R. E.....	Illuminating Electric Ventilating	
	Co., Chicago, Ill.....	New York City
Stone, Charles F.,		
Manager of Sales..	Atlantic Steel Co.	
	Atlanta Chamber of Commerce..	Atlanta, Ga.
Story, Sidney,		
President	New Orleans Daily Item	
	Representative Society for Devel-	
	opment American Shipping.	
	New Orleans Assn. Commerce...	Louisville, Ky.
Stout, Joseph C....	United Shoe Machinery Co.....	Boston, Mass.
Strachan, F. D. M...	Strachan Shipping Co.....	Brunswick, Ga.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Straight, Willard, Vice-President	American International Corp. Chamber of Commerce of the United States Pan-American Society National Foreign Trade Council American Asiatic Association.... India House.	New York City
Strong, Howard, Sec'y	Minneapolis Civic & Commerce Association	Minneapolis, Minn.
Stuart, C. E.	Central Steel Co.	Masillon, O.
Suess, Frank.	Hill, Clarke & Co., Boston & New York	New York City
Suffern, R. A.		New York City
Sullivan, F. R.	N. Y. Central Fast Freight Lines.	Chicago, Ill.
Sutliff, Edward M., Vice-President	American Trading Co. Asiatic Society	New York City
Sutphen, William P., Asst. Treasurer	The New Jersey Zinc Co.	New York City
Sutter, Charles.	St. Louis Foreign Trade Bureau.	St. Louis, Mo.
Sutton, Claude W.	American Vulcanized Fibre Co.	Wilmington, Del.
Svarc, Ven	Chamber of Commerce.	Cleveland, O.
Swiggett, Glen Levin, Dr.	Bureau of Education.	Washington, D. C.
Swope, Gerard, Vice-President	Western Electric Co., Inc.	New York City
Symmes, L. W.	Symmes & Means.	San Francisco, Cal.
Tait, H. J.	Ivanhoe Regent Works of G. E. Co.	Cleveland, O.
Taylor, C. C.	First-Second National Bank.	Pittsburgh, Pa.
Taylor, Frank H., President	S. S. White Dental Mfg. Co. Amer. Mfrs. Export Assn. Nat'l Foreign Trade Council.	Philadelphia, Pa.
Taylor, J. S.	Mobile Chamber of Commerce Mobile & Ohio Railroad.	Mobile, Ala.
Taylor, Stewart K.	S. K. Taylor Lumber Co. Nat'l Foreign Trade Council.	Mobile, Ala.
Taylor, W. N., President	National Lead & Oil Co.	Pittsburgh, Pa.
Tener, E. H.	Tidewater Portland Cement Co.	Pittsburgh, Pa.
Terrell, A. C.	Terrell's Equipment Co. Grand Rapids Assn. of Commerce.	Grand Rapids, Mich.
Terry, A. C.	Western Union Telegraph Co.	Pittsburgh, Pa.
Thane, James	American Express Co. General Freight Agent N. Y. Cen- tral Lines	New York City
Thatcher, C. E., Manager	Western Union Telegraph Co.	San Francisco, Cal.
Thatcher, W. E.	The Standard Oil Cloth Co.	New York City
Thaw, Benjamin	Pittsburgh Chamber of Com.	Pittsburgh, Pa.
Thayer, Harry I.	New England Shoe & Leather Association	Boston, Mass.
Thomas, C. E., Credit Mgr.	U. S. Steel Products Co. National Assn. Credit Men.	New York City

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Thomas, Eugene P. President	U. S. Steel Products Co. National Foreign Trade Council India House	New York City
Thomas, Geo. (3d) ..	Parkesburg Iron Co.....	Parkesburg, Pa.
Thomas, G. T.....	Canton Sheet Steel Co.....	Canton, O.
Thomas, H. N.....	China Mail S. S. Co., Ltd.....	San Francisco, Cal.
Thomas, J. A.....	National Supply Co.....	Pittsburgh, Pa.
Thomas, John W....	Rochester Chamber of Com.....	Rochester, N. Y.
Thomas, W. A., President	The Brier Hill Steel Co.....	Youngstown, O.
Thompson, A. W., Vice-President	Baltimore & Ohio Railroad.....	Baltimore, Md.
Thompson, Geo. M., Manager	Spencer Wire Co.....	Worcester, Mass.
Thompson, R. B....	Brown Show Co., Inc., of St. Louis	New York City
Tiemann, Louis S., Foreign Dept.	Amer. Exchange National Bank..	New York City
Tillotson, George S..	The Sterling Grinding Wheel Co.	Tiffin, O.
Tindle, Robert K....	Cambria Steel Co.....	Pittsburgh, Pa.
Toll, John D., Asst. Secretary ...	National Fertilizer Co.....	Philadelphia, Pa.
Topping, John A....	Republic Iron & Steel Co.....	New York City
Torrance, Francis J..	Standard Sanitary Mfg. Co. Nat'l Ass'n of Mnfrs. of the U. S. A.....	Pittsburgh, Pa.
Torrance, H. C.....	Brown Hoisting Machinery Co...	Pittsburgh, Pa.
Torrence, C. A.....	The Missouri Pacific Railway St. Louis, Iron Mountain & Southern Railway Amer. Refrigerator Transit Co...	Chicago, Ill.
Totten, Ralph James, Consul General at Large of the U. S. of A., Inspec. Dist., Europe....	United States Department of State	Washington, D. C.
Tregoe, B. B.....	National Assn. Credit Men.....	New York City
Tregoe, J. H., Sec'y-Treas.	National Assn. Credit Men.....	New York City
Tremper, H. D.....	Federal Export Corporation.....	New York City
Tribe, Noel F.....	First National Bank of Boston..	Boston, Mass.
Tri-State News Bu- reau		Pittsburgh, Pa.
Troy, J. A.....	Foreign Trade Bureau St. Louis Chamber of Commerce.	St. Louis, Mo.
Trube, G. A.....	Westinghouse Air Brake Co.....	Wilmerding, Pa.
Tupper, C. A., President	International Trade Press.....	Chicago, Ill.
Tynes, W. D., President	Hardie Tynes Mfg. Co.....	Birmingham, Ala.
Upham, S. A.....	Brownville Paper Co.....	Brownville, N. Y.
Uptegraff, W. D....	Pittsburgh Convention Committee,	Pittsburgh, Pa.
Vaile, Rawson.....	American Blower Co.....	Detroit, Mich.
Vance, A. M., Export Manager...	Pittsburgh Plate Glass Co.....	Pittsburgh, Pa.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Van Deusen, Walter M.	National Newark Banking Co. The American Bankers' Assn. Board of Trade.....	Newark, N. J.
Van Doren, A. E.	Irving National Bank.....	New York City
Van Houten, Albert E.	The Ph. Van Ommeren Corp. of N. Y. Yonkers Chamber of Commerce..	New York City
Van Leer, J.		Utrecht, Holland
Van Riper, J. F.	United Fruit Co. Foreign Commerce Club of New York, Inc.....	New York City
Van Smith, Geo. A.	Assistant Cashier Anglo & Lon- don, Paris National Bank....	San Francisco, Cal.
Vant, George H.	Carnegie Steel Co.....	Pittsburgh, Pa.
Van Zandt, G. C., Gen'l Agt.	Norfolk & Western Railway....	Cincinnati, O.
Vaughn, Charles P.	Philadelphia Chamber of Com...	Philadelphia, Pa.
Vick, Walker Whiting	Factory Products Export Assn. Manufacturers' Agents Co., Inc..	New York City
Vilter, Theodore O.	Merchants' & Mfrs.' Ass'n.....	Milwaukee, Wis.
Voelker, Joseph A.	Pittsburgh Steel Products Co....	New York City
Vogdes, Hamilton D.	The Smythfield Export Co.....	Philadelphia, Pa.
Vogel, Carl.	Phster & Vogel Leather Co.....	Milwaukee, Wis.
Voigt, Paul F., Jr.	Allegheny Steel Co.....	Pittsburgh, Pa.
Vought, Charles S.	Amer. Steel Export Co.....	New York City
Wagner, C. E., Export Manager..	Miller Rubber Co.....	Akron, O.
Walsh, J. P., Vice-President	Pittsburgh Coal Co.....	Pittsburgh, Pa.
Ward, H. C.	Guaranty Trust Co. of N. Y....	Pittsburgh, Pa.
Ward, Louis M., Superintendent ...	Cushman Motor Works Lincoln Commercial Club.....	Lincoln, Neb.
Ward, William L., President	Russell, Burdsall & Ward Bolt & Nut Co.	Port Chester, N. Y.
Wardrop, Robert, President	Peoples' National Bank.....	Pittsburgh, Pa.
Warner, A. R., Secretary	The White Co. Cleveland Chamber of Commerce.	Cleveland, Ohio
Warner, Worcester R.	The Warner & Swasey Co.....	Cleveland, O.
Warren, Charles J., Mgr. Foreign Dept.	H. W. Johns-Manville Co.....	New York City
Warren, Daniel	American Trading Co. National Foreign Trade Council	New York City
Warren, E. A., Vice-President	Universal Winding Co. Amer. Mfrs. Export Assn.....	Boston, Mass.
Waterbury, E. S.	Morris & Company.....	Chicago, Ill.
Waterman, M. B., Export Manager..	Standard Underground Cable Co.	Pittsburgh, Pa.
Walters, Edward G.	General Electric Co.....	Schenectady, N. Y.
Watson, G. D.	H. J. Heinz Co.....	Pittsburgh, Pa.
Watson, W. E.	The Youngstown Sheet & Tube Co.	Youngstown, O.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Way, W. B.....	Ludlow Valve Co. Troy Chamber of Commerce.....	Troy, N. Y.
Weaver, F. E.....	The American Brass Co.....	Waterbury, Conn.
Webster, D. F., Manager	Pacific Commercial Co. Member San Francisco Chamber of Commerce	San Francisco, Cal.
Webster, W. J.....	Atlas Powder Co.....	Wilmington, Del.
Weir, E. T.....	Phillips Sheet & Tin Plate Co.... Pittsburgh Convention Committee.	Pittsburgh, Pa.
Wellington, A. G....	The Maryland Car Wheel Wks..	Baltimore, Md.
Welton, Arthur D., Editor	<i>Journal of the American Bankers'</i> <i>Association</i>	New York City
Wescott, J. V.....	The Q. & C. Co.....	Chicago, Ill.
West, G. L.....	Mather & Co.....	Seattle, Wash.
Westerfield, R. B....	Yale University.....	New Haven, Conn.
Weston, George, Special Rep. Financial Dept.	American Express Co.....	New York City
Wettach, Chas. D. P.	W. W. Lawrence & Co. National Paint, Oil & Varnish Ass'n Paint Mfrs. Assn. of U. S.....	Pittsburgh, Pa.
Whearty, T. J.....	National Carbon Co.....	Cleveland, O.
Wheeler, H. B.....	American Sheet & Tin Plate Co..	Pittsburgh, Pa.
Wheeler, W. H.....		Birmingham, Ala.
White, Aubrey Lee, President	Crescent Mining Co. Chamber of Commerce.....	Spokane, Wash.
White, Frank A....	Union National Bank.....	Cleveland, O.
White, H. E.....	Minneapolis Steel & Machine Co.	Minneapolis, Minn.
White, T. C.....	Messrs. George McBain.....	Pekin, China
Whittemore, Howard.	Parsons & Whittemore, Inc.....	New York City
Whitten, Walter S., Secretary	Lincoln Commercial Club.....	Lincoln, Neb.
Wilcox, C. B.....	W. S. Barstow Co., Inc. Ohio Chamber of Commerce.....	Sandusky, O.
Wiley, Charles S....	The <i>Oaklander</i>	Pittsburgh, Pa.
Williams, Jr., Andrew G.....	American Steel Foundries.....	Chicago, Ill.
Williams, C. F.....	The Iron Trade Review.....	Pittsburgh, Pa.
Williams, Homer D.	Carnegie Steel Company.....	Pittsburgh, Pa.
Williams, Louis W., District Sales Mgr.	Union Drawn Steel Co. Amer. Mfrs. Export Assn.....	New York City
Williams, Pierce....	U. S. Com'l Attache.....	London, Eng.
Williams, Richard G.	Norton Company Special Investigator.	Worcester, Mass.
Williams, Teel	J. F. Duthie & Co. Seattle Chamber of Commerce. Seattle Manufacturers' Assn.....	Seattle, Wash.
Williams, V. C., Freight Agent....	Pennsylvania Railroad Co..... A. M. Byers & Co.....	Pittsburgh, Pa.
Williams, W. W....	The Willis Music Co.	
Willis, Charles H....	National Sheet Music Dealers' Association	Cincinnati, O.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Willock, Harry H., Sec. & Treas.	Waverly Oil Works Co. Delegate, National Petroleum Association Amer. Mfrs. Export Assn. Member Pittsburgh Foreign Trade Commission	Pittsburgh, Pa.
Wilmarth, Lewis T., President	Wilmarth & Morman Co. Association of Commerce.	Grand Rapids, Mich.
Wilshire, F. W.	Consolidation Coal Co.	New York City
Wilson, Alexander.	Wilson Bros. Lumber Co. National Wholesale Lumber Deal- ers' Association	Pittsburgh, Pa.
Wilson, A. A.	The Canadian Bank of Commerce.	San Francisco, Cal.
Wilson, A. S., Mgr. Foreign Trade Dept.	Cincinnati Chamber of Com.	Cincinnati, O.
Wilson, C. A.	Follansbee Bros. Co.	Pittsburgh, Pa.
Wilson, Kirtland A.	<i>Daily Financial American</i>	New York City
Wilson, Otto, Chief Latin-Ameri- can Division.	Bureau of Foreign & Domestic Commerce	Washington, D. C.
Wilson, R. O.	Fyfe-Wilson Lumber Co. San Francisco Chamber of Com.	San Francisco, Cal.
Winter, E.	Pittsburgh Steel Co.	Pittsburgh, Pa.
Winter, Herman.	Kennedy-Mitchell Co.	New York City
Winterhalter, W. C.	Garland Nut & Rivet Co.	Pittsburgh, Pa.
Wise, C. R.	J. B. Wise, Inc.	Watertown, N. Y.
Witt, W. H.	Witt Music Co.	Pittsburgh, Pa.
Wolcott, R. E.	Firestone Tire & Rubber Co.	Akron, O.
Wolfe, C. H.	Aluminum Co. of America.	New York City
Wolverton, Wm. B., Marine Mgr.	Fred S. James & Co. Foreign Traders' Association Chicago Association Commerce.	Chicago, Ill.
Wonham, F. S.	Parkesburg Iron Co.	New York City
Wood, Charles L.	Carnegie Steel Co. Pittsburgh Convention Committee.	Pittsburgh, Pa.
Wood, Edward S.	Esterbrook Steel Pen Mfg. Co.	Camden, N. J.
Woods, Frank H.	Lincoln Telephone & Telegraph Co. President, Lincoln Commercial Club	Lincoln, Neb.
Woods, L. G., President	Union Spring & Mfg. Co.	Pittsburgh, Pa.
Woodside, J. David.	Woodside Cotton Mills Simpsonville Cotton Mills Fountain Inn Mfg. Co.	Greenville, S. C.
Woodside, N. G.	H. J. Heinz Co.	Pittsburgh, Pa.
Woolfolk, R. B.	Crutchfield & Woolfolk International Apple Shippers' Association	Pittsburgh, Pa.
Worcester, Edward.	National Tube Co.	Pittsburgh, Pa.
Wordin, W. H.	San Francisco Chamber of Com.	San Francisco, Cal.
Wright, Adin M.	Mason & Hamlin Co.	Boston, Mass.
Wright, C. F.	Wright Mfg. Co.	Lisbon, O.
Wright, S. D., Manager	Atlas Car & Mfg. Co.	Cleveland, O.

<i>Name</i>	<i>Representing</i>	<i>Address</i>
Wyvell, M. M.,		
For. Trade Service.	State Department	Washington, D. C.
Yater, George J.....	Lunham & Moore	New York City
Yohe, James B.,		
General Manager..	Pittsburgh & Lake Erie Railroad	
	Pittsburgh Chamber of Commerce	Pittsburgh, Pa.
Yohe, W. H.,		
Pres. & Gen. Mgr.	Updike Milling Co.	
	Southwestern Millers' League	
	Omaha Commercial Club.....	Omaha, Neb.
Young, A. G.....	Amer. Sheet & Tin Plate Co.....	Pittsburgh, Pa.
Young, C. G.,	Consulting Engineer.....	New York City
Young, W. A., Jr....	Pacific Mail Steamship Co.....	San Francisco, Cal.
Zabriskie, George A.....		New York City
Zeamer, J.....	Chas. A. Schieren Co.....	New York City
Zeiger, Charles	Anglo-American Incandescent	
	Light Co.	Pittsburgh, Pa.
Zimmermann, Albert.	The Stanley Works	New Britain, Conn.
Zimmerman, H. S.,		
Asst. Cashier	Mellon National Bank.....	Pittsburgh, Pa.
Zucca, Antonio.....	N. Y. Fruit Exchange.....	New York City



